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83rd Session 1996

Report VI

Tripartite consultation at the national level on economic and social policy

International Labour Office Geneva

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INTRODUCTION

At its 259th Session (March 1994), the Governing Body of the International Labour Office decided to place on the agenda of the 83rd Session of the International Labour Conference (1996) a general discussion item on tripartite consultation at the national level on economic and social policy.

The origin of this decision dates back to the 251st Session of the Governing Body (November 1991). During this session the Workers' group, considering that the subject had been absent from the Conference agenda for many years, had requested that it be included among the proposals to be submitted by the Office to the Governing Body in 1992 with a view to drawing up the agenda of the 1994 Session of the Conference. The Office had responded to this request by proposing at the 253rd and 254th Sessions of the Governing Body (May-June and November 1992, respectively) that it be included as a general discussion item in the agenda of the 81st Session of the Conference (1994). The subject was not taken up for that session of the Conference, and the Office proposed it again, this time at its own initiative, at the 258th Session of the Governing Body (November 1993) as an item for general discussion at the 83rd Session of the Conference (1996). The Governing Body then requested the Office to submit to its 259th Session (March 1994) proposals, not for a general discussion, but with a view to the adoption of new standards. At its 259th Session (March 1994), the majority of the Governing Body considered, however, that a general discussion was more appropriate after all and decided to include the item for this purpose in the agenda of the 83rd Session of the Conference (1996).

The scope of this report is broader in some respects, but narrower in others, than its title suggests. The same was true of the reports submitted by the Office to the above-mentioned sessions of the Governing Body. The reason is that in both cases efforts were made to prepare documents that would not overlook any issue inherently related to "tripartite consultation" but that would not be too complicated either. The first chapter of this report provides more detailed explanations on the distinctions drawn between various forms of tripartite dealings and on the reasons why some of these are emphasized rather than others. Suffice it to say here that the report attaches major importance not only to consultations but to tripartite negotiations and that it focuses chiefly on consultations and negotiations with a relatively broad coverage, that is those dealing with a large number of national economic and social policy issues. On the one hand, it seemed necessary to include tripartite negotiations in the scope of the report for the twofold reason that they are the most developed form of tripartite dealings and that the distinction between consultation and negotiation, though it may be clear in theory, is often difficult to draw in practice. On the other hand, it seemed appropriate to focus on tripartite consultations and negotiations with a relatively broad coverage because they normally have a greater impact on national economic and social policy than those only dealing with a limited subject area, and because the latter are often so numerous and varied that to examine them in detail would have made the report too long and complicated.

Tripartite consultation and negotiation within the meaning of this report — and, more generally, tripartite cooperation in the broadest sense of the term — are a vital part of the structure and activity of the ILO. Since this has been amply demonstrated in detail in other Office documents, we shall confine ourselves here to summarizing a few essential points as briefly as possible.

Of course it should be recalled first of all that the ILO is the only organization in the United Nations family whose bodies have a tripartite structure and that for more than 75 years its activities have constituted the most important example of tripartite cooperation at the international level.

It should also be recalled that the ILO has devoted a considerable amount of effort and a wide variety of activities to the promotion of tripartite cooperation at the national level. This is indeed one of its constitutional obligations, since the Declaration of Philadelphia, which is part of the Organization's Constitution, stipulates that the ILO has "the solemn obligation ... to further ... programmes which will achieve ... the collaboration of workers and employers in the preparation and application of social and economic measures".

Among the means used by the ILO to promote tripartite cooperation at the national level, international labour standards should be mentioned in the first place. The Conventions and Recommendations on freedom of association will only be mentioned in passing, although, as will be seen below, their application is an essential prerequisite for genuine tripartite cooperation. The standards dealing specifically with the latter are, on the one hand, the Consultation (Industrial and National Levels) Recommendation, 1960 (No. 113), and, on the other, the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), and the accompanying Tripartite Consultation (Activities of the International Labour Organization) Recommendation, 1976 (No. 152). Recommendation No. 113, which is reproduced in Appendix I of this report, is the most important of these instruments because of its very broad scope: it stipulates that "measures ... should be taken to promote effective consultation and cooperation ... between public authorities and employers' and workers' organizations" (Paragraph 1 (1) and that "such consultation and cooperation should aim, in particular ... at joint consideration ... of matters of mutual concern with a view to arriving, to the fullest possible extent, at agreed solutions" (Paragraph 5 (a)). Convention No. 144 and Recommendation No. 152, which are reproduced in Appendix II of this report, are considerably narrower in scope since they deal only with national tripartite consultation on ILO activities and, in particular, on the ratification and application of international labour standards.

The fact is often overlooked today that when the Conference adopted Recommendation No. 113 it also adopted "Observations" on the same subject, which are considerably longer than the Recommendation. These Observations, reproduced in Appendix I of this report, contain two essential messages. The first is that in order for tripartite cooperation to function effectively certain basic conditions have to be met — and, in particular, all the parties must be willing to consider matters of mutual concern in a spirit of good faith, confidence and mutual respect — and that the efforts required for this purpose may be lengthy and difficult. The second message, on which the Observations place even greater emphasis, is that tripartite cooperation may take a wide variety of forms and that it is of essential importance that these be adapted to national circumstances.

On the subject of international labour standards, it is also worth mentioning that most of the 176 Conventions and 183 Recommendations adopted to date by the Conference provide that their implementation at the national level should be the subject of consultations with employers' and workers' organizations. Clearly, in its standard-setting activities the ILO does not merely take an occasional interest in tripartite cooperation, but places it at the heart of its permanent concerns.

This is true not only of standard-setting activities but of all the other forms of action taken by the Organization. Initiatives aimed at promoting tripartite cooperation at the national level by means other than standard setting are in fact so numerous that they cannot be summed up in this introduction. Suffice it to say that the International Labour Conference and regional conferences have adopted a large number of resolutions aimed at promoting such cooperation, that the Reports of the Director-General submitted to these conferences have often pursued the same objective, and that all the traditional means of action used by the Organization — research, dissemination of information, technical meetings, technical advisory services or technical cooperation — have also been mobilized to a great extent for this purpose. While most of these actions aim to promote tripartite cooperation in the design and implementation of economic and social policy in general, a number of them seem to further such cooperation on more specific current issues, the most recent of which are structural adjustment, promotion of employment, social protection and the transition towards democracy and a market economy. It should also be pointed out that these various initiatives have usually been aimed at promoting the general principle of tripartite cooperation, not at encouraging certain methods of cooperation rather than others.

This brief overview of the ILO's action leaves two major impressions. The first is that the Organization's commitment to tripartite cooperation is not limited to a number of specific initiatives — however important these may be — but that it has, on the contrary, always been so determined and comprehensive that it is one of the essential components of its activity. The second impression is that while the ILO has always committed itself without reservation to the principle of effective tripartite cooperation, it has also always displayed a great deal of pragmatism and flexibility with regard to the specific forms such cooperation should take at the national level.

Tripartite cooperation has evolved in many ways in recent years. It has certainly developed in the many countries that have recently embarked on a process of transition towards democracy and a market economy. This does not mean, however, that it has not been faced for at least 15 years with difficulties that have, to different extents, affected all forms of tripartite cooperation in every region of the world. These difficulties will be described in greater detail in the second chapter of this report. We shall confine ourselves here to pointing out that the main problem lies in the fact that certain major changes that have recently occurred in most countries — especially in the economic, social and technological spheres — have led to the erosion of the conditions that enabled traditional forms of tripartite cooperation to function smoothly for many years.

These changes are obviously a source of concern to the ILO and should be subjected to close scrutiny. This report is intended to contribute to such an examination. To this end, it will seek to identify the nature and extent of the difficulties currently affecting tripartite cooperation and to stimulate discussion on ways in which they may be mitigated or resolved.

The report contains three chapters, which will inevitably overlap to a certain extent. The first deals with the concept of tripartite cooperation and its implications. The second attempts to give an overview of recent developments that have occurred in tripartite cooperation. The third looks at ways in which tripartite cooperation can be promoted in the future.

CHAPTER I

THE CONCEPT OF TRIPARTITE COOPERATION AND ITS IMPLICATIONS

This chapter consists of two sections. The first defines the conceptual framework and the scope of the report. The second deals with the nature of tripartite cooperation and the conditions necessary for it to function properly.

CONCEPTUAL FRAMEWORK AND SCOPE OF THE REPORT

This section will begin by defining the concept of "tripartite cooperation" and drawing distinctions between different forms of tripartite cooperation. It will then explain why the report focuses on some of these rather than others.

Conceptual framework of the report

In this report the concept of "tripartite cooperation" is taken in a broad sense and generally refers to all dealings between the State — normally represented by the government — and employers and workers concerning the formulation or implementation of economic or social policy. The terms "tripartite cooperation", "tripartite relations", "tripartite dealings" and "tripartism" will be used synonymously.

There are a number of distinctions that may be drawn between different types of tripartite cooperation. One concerns the level at which such cooperation takes place. In practice, this is usually the national inter-occupational level, often also referred to as the "central level". In some cases it also takes place at lower levels, i.e. regional or local level or, more exceptionally, at that of the branch of activity or enterprise, particularly where the latter faces serious problems of adjustment which cannot be solved without government assistance. There are also a few examples of tripartite cooperation at the international level. The only real tripartite cooperation at the worldwide level is that within the ILO. There are more instances of tripartite cooperation at the regional level, but they are still quite rare. The most obvious example is certainly that of the European Union.

Another very important distinction may be drawn in terms of the different functions of tripartite dealings. The first difference is that between those which are of a consultative nature and those that constitute genuine negotiation, that is, those which are intended to result in agreements by which the parties agree to be bound, even where such agreements do not constitute collective agreements in the legal sense. The most obvious examples are, in the case of consultation, bodies along the lines of economic and social councils which are asked to give an opinion on major economic and social policy issues and, in the case of negotiation, agreements such as economic

and social pacts, under which the parties undertake to take certain steps to solve the main economic and social problems of the moment. It should be pointed out, however, that it is often difficult in practice to draw a distinction between consultation and negotiation. The main reason for this is that consultation, at least when it is taken seriously by the parties, often quickly becomes a process of reciprocal concessions that shares all the fundamental aspects of negotiation.

There are other forms of tripartite relations in addition to consultation and negotiation. The most important are those with a jurisdictional function and those which play a decision-making role. The jurisdictional function means that employer and worker members sit alongside independent members within a jurisdictional body; we need not dwell on this aspect here since it usually does not contribute tangibly to the design and implementation of national economic and social policy. The decision-making function, which normally takes the form of a majority vote, may, depending on the case, focus mainly on policy design (for example minimum wage fixing by tripartite bodies such as wage councils) or implementation (for example the administration of an unemployment insurance scheme by a tripartite body). In practice, the decisions taken by these bodies are often largely the result of negotiations among the groups represented on them.

There are two further observations to be made with regard to the functions of tripartite relations. First, they often have an important information role. This has not been addressed separately in this section, since in practice it is generally not exercised separately from the other functions, but in conjunction with them. The second observation concerns the commonly used term "tripartite concertation". Although there is no generally accepted definition of the term, it normally refers — and this is the way it will be used in this report — not to a specific form of tripartite relations in legal terms, but to a special quality of such relations. Specifically, we shall use the term here to refer to a situation in which the parties endeavour systematically to solve major economic and social problems through consensus. Like the expression "social dialogue", with which it is often used interchangeably, it emphasizes the methodical search for a compromise rather than the legal means employed.

A further distinction may be drawn between relations which are formally tripartite, that is, those in which the government appears officially as a third partner, and those that are formally bipartite, but in which the government is present as an invisible partner in the sense that it has a strong influence on the course of discussions. This is the case, for example, when a national advisory body with a bipartite composition maintains constant informal contacts with the government so that when it puts forward opinions they may, as far as possible, be acceptable to the government and therefore have better prospects of being followed by it. The same is true when employers and workers engaged in bipartite negotiation at the central level maintain informal links with the government to ensure that it will find planned wage increases acceptable or be willing to adopt legislative measures that are part of the compromise reached between the parties. Other groups besides employers and workers are sometimes also involved in tripartite cooperation. For example, some self-employed workers such as farmers, craftsmen or small shopkeepers or groups such as cooperatives are represented on certain national advisory bodies.

As may be inferred from the above, a distinction may also be drawn in terms of the subject areas covered by tripartite cooperation. In some cases, such cooperation may have a very broad scope. Advisory bodies such as economic and social councils and

agreements along the lines of economic and social pacts cover many if not all national economic and social policy issues. In other cases tripartite cooperation deals with more specific matters which may also be very wide-ranging, such as wage policy or employment policy, or more narrow in scope, for example prevention of occupational hazards or protection of the disabled. While forms of tripartite cooperation with a consultation or negotiation function may either be general in scope or deal only with specific issues, those with a decision-making role normally cover a narrower subject area.

Lastly, a distinction may be drawn between tripartite dealings that take place within official bodies set up for the purpose, either by legislation or by agreement between the parties, and those occurring outside such bodies. In the latter case, they are usually more or less informal relations maintained on an ad hoc basis. In practice, it is difficult to see how tripartite decision making could take place outside an official body. Consultation and negotiation may, on the other hand, be carried out either within or outside such a body. The concepts of informal tripartite consultation and negotiation will be applied in a very broad sense in this report. They include all informal contacts maintained, whether simultaneously or not, between representatives of the public authorities, employers and workers on any economic or social issue. Such contacts are normally aimed at influencing the policies pursued by the public authorities or collective bargaining at all levels.

Before concluding this part of the report, a few remarks remain to be made on what is meant by the term "economic and social policy issues" which are the subject of the different forms of tripartite cooperation outlined above. Any attempt to provide a definition — which would inevitably be abstract — of this concept would be an academic exercise, at best. Suffice it to say that in practice the nature and number of issues covered by the various forms of tripartite cooperation vary enormously from one country to another. At one end of the spectrum, tripartite relations are practically non-existent or are limited to consultations on a small number of social issues. At the other extreme, they may cover practically all social matters as well as a number of economic issues and often go beyond the consultation stage, taking the form of negotiation or decision making. Since more detailed information will be given on this subject in the second chapter of this report, we will simply point out here that in those countries where tripartite cooperation is most developed it may cover such varied topics as wages and other incomes, employment and unemployment, national budget, monetary and fiscal policy, social security, vocational training, all labour relations issues and all the subjects likely to be regulated by labour legislation.

Scope of the report

This report will not cover all of the forms of tripartite cooperation described above. None will be completely excluded in the sense that any mention of it would be avoided, but some will only be referred to in passing. These are mainly those which take place at levels lower than national level, as well as national-level cooperation covering only a very limited subject area. One of the reasons for this is that relations of this kind are not usually among those with the greatest impact on national economic and social policy, despite their undeniable importance. Another reason is that it is not possible within the limits of this report to deal adequately with these types of relations, which are often complex and numerous. Moreover, their inclusion in the report would

risk making it too technical, which is not appropriate for a document intended as the basis for a general discussion and not for the adoption of standards by the International Labour Conference.

The report will, however, deal with all the other forms of tripartite cooperation referred to above regardless of their function, of whether or not they are formally tripartite and whether or not they take place within an official body. For the reasons given above, any discrimination between these various dealings would appear to be artificial and to convey a distorted picture of reality. This would have been the case, for example, if an attempt had been made to confine the report literally to the wording of the item on the agenda of the Conference and accordingly to draw a strict distinction between "tripartite consultation" and the other functions of tripartite cooperation. The approach taken in this report merely follows that adopted in the documents submitted by the Office to the Governing Body when the Conference agenda was drawn up.

THE NATURE OF AND PREREQUISITES FOR TRIPARTITE COOPERATION

In order for tripartite cooperation to function properly, a number of conditions have to be met. A distinction will be drawn below between those that are inherently linked to the nature itself of tripartite cooperation and those which, though important in themselves, are less directly related to it.

The nature of tripartite cooperation

The term "tripartite cooperation" makes it clear that it depends on two conditions that are inherently linked to its nature. The first is that there must be three parties, and the second is that these parties must be willing to cooperate.

The first condition means that the State, employers and workers must be three separate parties, that is, independent of one another and exercising specific functions. Cooperation between parties that do not meet this condition would be nothing but a sham. This would be the case, for example, in a country where a single political party controls the employers' and workers' organizations.

The second condition means that the parties must be willing, despite the undeniable divergences between their interests, to examine their problems together and seek compromise solutions that would be acceptable to each of them.

The concept of tripartite cooperation has certain precise implications as regards the role of the State in the design and implementation of economic and social policy. On the one hand, the State cannot monopolize decision making in these areas since, if it did, there would be no room for tripartite cooperation. On the other, such cooperation cannot really develop if the State confines itself to a watchdog role and does not play an active part, alongside employers and workers, in solving economic and social problems.

The relationship between tripartism, on the one hand, and democracy and the market economy, on the other, is both close and complex. Advocates of tripartism often point out that it is essentially the application to industrial relations of the principles on which democracy and the market economy are founded, in particular freedom, pluralism and participation of the parties concerned in decisions affecting

them. While it is true that tripartism cannot exist without democracy and the market economy, it is also true that the relationship between them is not entirely unambiguous.

As regards the relationship between tripartism and democracy, tripartism is often believed to further democracy because it ensures that large sectors of the population are involved in taking many of the decisions affecting them. However, it is sometimes also seen as a factor limiting democracy because it places part of the decision-making process in the hands of organizations of employers and workers who do not carry the same political responsibility as the government or parliament. Theoretical studies on democracy do not appear to have examined in depth the role of interest groups in a democratic system. Obviously, it is not for this report to fill this gap. There are, however, three observations to be made. First, many important decisions have in fact been taken through tripartite cooperation in the countries where it is especially highly developed, and in some of these countries this has given rise to some concern. Second, while these concerns cannot simply be brushed aside, they should not lead to the conclusion that tripartism should be avoided altogether because of the negative effects it can have on democracy. To take this line of reasoning to its logical conclusion would mean perceiving a threat to democracy in any form of bipartite collective bargaining — including that at enterprise level — as well as any decision in which an "intermediate body" is involved. It need hardly be recalled that this argument, which was embraced by many in the distant past, has since lost virtually all of its proponents. It has been very widely recognized for a long time now that the inequalities that exist between citizens in practice, regardless of their equality in law, would lead to major injustices if it were not for interest groups. It will be observed that in practice the absence or weakness of institutionalized interest groups is compensated for by the emergence of "lobbies" carrying out similar functions. Third, while the involvement of employers' and workers' organizations in economic and social decision making only rarely, if ever, in itself raises problems for democracy, such problems could arise if these organizations are not sufficiently representative of those affected by the decisions. This subject will be dealt with further in the rest of the report.

The relationship between tripartism and the market economy is also marked by a certain degree of ambiguity. This is due to the fact that while tripartite cooperation cannot exist in the absence of a market economy, it also has the effect and even the objective of restricting to a certain extent the free play of market forces. It is difficult to see why the parties should engage in genuine tripartite cooperation if they intended to give free rein to market forces. There are several reasons for opting for tripartite cooperation. In some cases the choice is simply due to the fact that, in the present circumstances, the parties prefer it to other solutions, such as coercive state intervention in collective bargaining. But where tripartite cooperation has taken the form of genuine concertation as defined in the preceding section, it is based on deeper considerations. In this case it is perceived as a particularly appropriate means of achieving compromises between the requirements of economic development and those of social justice, which are acceptable to all the parties and as such have the best chances of being effectively applied, thus ensuring social peace. The parties are convinced that their action should not be dictated only by their immediate interests but that their duty — and long-term interest — lies in reaching such compromises wherever possible. This presupposes that a consensus exists between the parties concerning a certain type of political, economic and social organization and a

willingness to help maintain the type of society chosen, if necessary at the cost of considerable sacrifices.

It is clear from the above that in order for there to be genuine tripartite concertation all of the parties must have a certain attitude that normally leads to well-developed labour relations not only at the central level but also at lower levels. Conversely, this means that tripartite concertation should be supported by active labour relations at the lower levels.

The above considerations concerning the relationship between tripartism, on the one hand, and the role of the State, democracy and the market economy, on the other, raise the issue of the links between tripartite and bipartite labour relations. ILO standards contain several provisions on this subject. First, the Right to Organize and Collective Bargaining Convention, 1949 (No. 98), one of the core standards of the ILO, provides that "measures ... shall be taken ... to encourage and promote the full development and utilization of machinery for voluntary negotiation ... by means of collective agreements". Second, the Consultation (Industrial and National Levels) Recommendation, 1960 (No. 113), provides that "measures ... should be taken to promote effective consultation and cooperation at the industrial and national levels between public authorities and employers' and workers' organizations, as well as between these organizations" and that such consultation and cooperation "should aim, in particular ... at joint consideration ... of matters of mutual concern with a view to arriving, to the fullest possible extent, at agreed solutions". In accordance with the letter and spirit of Convention No. 98, Recommendation No. 113 does, however, specify that "such consultation and cooperation should not derogate from freedom of association or from the rights of employers' and workers' organizations, including their right of collective bargaining". To summarize, therefore, under the existing standards both bipartite and tripartite cooperation should be widely promoted, provided, however, that the latter should not derogate from the former.

It appears that in practice very different labour relations systems may be compatible with these standards. The respective roles of bipartite negotiation and tripartite cooperation in each system appear to be dictated primarily by certain attitudes and constraints, which may differ from one country to another and over time. As regards attitudes, it can be observed that while all employers' and workers' organizations of a certain size will normally expect to be consulted by the government on some intended measures, the parties will tend in some cases to confine tripartite relations to this minimum while in others they will not hesitate to extend consultation to other issues and engage in tripartite negotiation or concertation on a large scale. The first attitude implies a relatively strict demarcation between the areas of competence of the public authorities and those of employers and workers, while the second assumes that their areas of competence overlap to a greater or lesser extent. The preference shown for one or the other of these approaches is most often due to the fact that national traditions differ and that the popularity of schools of thought can wax and wane over the years. On the last point, it should be noted that a tendency to give free rein to market forces beyond a certain point will normally have the effect of favouring bipartite over tripartite relations.

As regards the constraints that may affect the relative importance of bipartite negotiation and tripartite cooperation, they often appear to favour the latter rather than the former. There are probably situations in which employers and workers deal with certain matters which would normally be within the competence of the State, because

of the latter's weakness or inaction. But it is more likely, especially in times of economic difficulty, that employers and workers will need the help of the State to solve a problem which they would normally have settled themselves, or that simultaneous stalemates on a number of important issues lying partly within the State's competence and partly within that of employers and workers can only be overcome by "bringing them to the bargaining table", that is, by seeking a compromise across the board in a tripartite setting.

The prerequisites for tripartite cooperation

Tripartite cooperation may also be helped or hindered by a number of factors that are less closely related to its nature than those considered above but which are important none the less. Since there are many of these factors, we shall focus here on those that appear to have the greatest impact.

The first prerequisite for tripartism is that the parties should be not only separate and willing to cooperate but that they should be strong enough to carry out their respective functions effectively. This presupposes in particular that the government enjoys broad enough support to be perceived as legitimate, that it is able to make the necessary commitments and that it is in a position to carry them out. It also presupposes that the central organizations of employers and workers should be representative enough to be perceived as legitimate, that they are structured so as to be able to make commitments and ensure that they are carried out, that the position of either is not weakened by an excessive number of rival organizations and that both have the technical capacity necessary to deal knowledgeably with the subjects under discussion. It is important that these conditions be met by each of the parties so as to achieve a reasonable balance of power among them.

Tripartite cooperation also requires a certain degree of centralization of the decision-making processes in the economic and social domain. This is especially true of labour relations: on the one hand, tripartite cooperation by definition implies a certain interaction among the three parties at the central level; on the other hand, this interaction normally cannot have the expected impact unless the structure of bipartite collective bargaining is such that it can serve as an interface between the highest and the lowest level. This can be achieved in two ways, which are not mutually exclusive: one is the institutional centralization of collective bargaining, which presupposes that bargaining above enterprise level is given an adequate role in the national bargaining system; the other is the informal, but sufficiently effective, coordination of negotiation at the sectoral level by the central organizations of employers and workers and especially of enterprise-level bargaining by employers' and workers' organizations at the central and sectoral levels. Obviously, in order to centralize or coordinate collective bargaining in this way there has to be a certain centralization of the parties. As was pointed out in the preceding paragraph, employers' and workers' organizations need to be able to make the necessary commitments at the central level and to be in a position to ensure that they are carried out. It should, however, be emphasized, in order to avoid misunderstandings, that the requirement of centralization of labour relations is relative. While it is true that the higher the degree of centralization, the more efficient tripartite cooperation will be, it is also true that tripartite cooperation can still play a role in relatively decentralized systems, provided that their level of decentralization does not exceed certain limits.

There is a similar relationship between the efficiency of tripartite cooperation and the general degree of stability and predictability of the economic and social environment in which it takes place. Not surprisingly, a process intended to coordinate major economic and social change, or even to exert a certain amount of control over it from above, is more likely to develop and succeed if the economic and social situation is stable or evolves in a predictable way. This requirement too, however, is relative. While there is no doubt that tripartite cooperation is hindered by instability and unpredictability of the economic and social situation, they do not rule it out as long as they do not exceed certain limits.

The relationship between the efficiency of tripartite cooperation and the economic situation is more complex. As a rule, the more favourable the economic situation, the easier tripartite dealings are. This is hardly surprising given that tripartite relations normally involve an exchange of advantages and concessions among the parties which can only be made easier where resources are relatively abundant. It should be added, however, that while in principle tripartite relations become more difficult as the economic situation deteriorates, they often play a very important role when the situation takes on crisis proportions. The reason for this paradox is the fact that tripartite cooperation is then perceived as the last hope of averting a total stalemate that can eventually lead to serious social upheavals. In this case, when there is usually no longer any opportunity for an exchange of advantages among the parties, the main objective is for them to agree on an equitable sharing of the sacrifices demanded by the circumstances.

It has often been pointed out that tripartite relations are easier when political parties along Social Democrat lines, or other political parties that are fairly close to the trade unions and whose programmes attach a relatively large amount of importance to social concerns, are in power or are part of the government coalition. It would be difficult to deny that this factor plays a positive role. It should also be pointed out, however, that no type of government holds a monopoly in this area. Most importantly, even when political parties favourable to tripartite cooperation are in power, such cooperation may encounter difficulties none the less if other factors such as an unfavourable economic situation are pulling in the opposite direction.

Lastly, there are a number of other factors that can affect the efficiency of tripartite relations. One of them is the existence of an effective institutional and procedural framework for these relations or the provision of support services by the public authorities, such as a secretariat. While the influence of factors of this kind on the way in which tripartite relations function should not be underestimated, they will not be dealt with in more detail in this chapter. This is because they have more to do with the material infrastructure and technical arrangements of tripartite cooperation and as such do not have the same fundamental importance as those examined in the preceding paragraphs.

CHAPTER II

RECENT DEVELOPMENTS IN TRIPARTITE COOPERATION

As its title indicates, the main purpose of this chapter is to give an overview of developments that have occurred recently in tripartite cooperation. Since the present can never be seen in isolation from the past, however, reference will also be made to developments dating back to an earlier period. Generally speaking, these will only be recalled occasionally in passing.

This chapter consists of two sections. The first will deal with recent developments in tripartite cooperation, while the second will give a brief overview of the present situation.

The causes of recent developments

To put it very briefly, one might say that the recent developments in tripartite cooperation were triggered primarily by two series of events.

The first is the considerable expansion of democracy and the market economy that has recently occurred in several countries in which various forms of authoritarianism and command economy had prevailed, in some cases for a very long time. This expansion certainly fostered tripartite cooperation. The second is the recent economic, technological and social transformations which have affected all the regions of the world, albeit to very different extents. These changes consist mainly of the exacerbation of economic difficulties, the globalization of the economy, increased flexibility of production and the diversification of the labour market. Parallel to these, market forces were gradually allowed to play a greater role than was previously the case, even in those countries that have always clearly opted for a market economy system, in order to enable enterprises to remain competitive. While these changes did not bring about the demise of tripartite cooperation, they did make it more difficult and demanded certain adjustments.

The events briefly outlined above clearly illustrate what was said in the previous chapter about the ambiguity of the relationship between tripartism and the market economy: while the latter has had a positive impact on tripartism in the countries in which it has recently replaced a command economy system, it has hindered tripartism in those countries that have traditionally relied on market forces but where they have been given free rein to an extent hitherto unknown. In practice, these two influences may be felt at the same time in the countries in transition, where, by and large, tripartism has not yet reached the level of development made possible by the market economy while in some respects its development is already hampered by the latter.

The following subsections will examine the events which have furthered tripartism and those which have hindered it, respectively. Each subsection will begin by taking a brief look at the events that have given rise to recent developments in

tripartite cooperation. It will then explain why these events have furthered or hindered tripartite cooperation.

Events that have furthered tripartite cooperation

As has been pointed out above, it is mainly the recent progress in democracy and the market economy that have had a positive impact on tripartism. There is no need to dwell on this progress, since enough is known about it already. Briefly, it will be recalled that Spain and Portugal made the change to a democratic system in the mid-seventies. Most importantly, following the collapse of communism in the countries of the former USSR and in Central and Eastern Europe, these countries have now definitively embarked on the transition towards democracy and a market economy. Moreover, many Latin American countries have recently switched from a military regime to a democratic system and have opened their economies, which used to be heavily protected, to the outside world. In Africa, South Africa is now undergoing radical political and economic changes and the entire continent is experiencing a trend towards a multiparty system and economic liberalization, even though the extent and results of this process vary considerably from one to another. Lastly, in Asia many governments are, to different extents, now easing the control they have traditionally exercised over the economic and political life of their countries. Most of the processes in Latin America, Africa and Asia mentioned above are linked to the collapse of communism, a historic event whose importance cannot be overestimated.

Not surprisingly, the recent expansion of democracy and the market economy have contributed considerably in many countries to creating the necessary conditions for tripartism to emerge or gain strength. In many of the countries concerned the parties are now sufficiently independent from one another to be able to engage in genuine cooperation. Moreover, the role of the State in the design and implementation of economic and social policy is now sufficiently limited to allow real opportunities for tripartite cooperation in this area.

The fall of communism has had other important effects on tripartism. However, it is still too early to make a definitive assessment of these repercussions, chief among which is the willingness of the parties to cooperate with each other. The abrupt demise of communism disrupted a certain equilibrium that had been reached with varying degrees of success over the decades, making it necessary to seek a new balance, and this search is still going on. Having said this, there is no doubt that the disappearance of communism has had a positive effect, on the whole, on the parties' willingness to cooperate, since the principle of the class struggle — while it has not lost all its supporters — is no longer one of the major options for solving economic and social problems. It should be pointed out, however, that the political parties and trade union organizations that used to advocate the principle of the class struggle have not yet completed the process of finding a new ideological and political position. Lastly, not all the effects of the fall of communism on the parties' willingness to cooperate have been positive, in particular since some economic and political circles, no longer faced with the threat of communism, appear to have been encouraged to adopt more hard-line positions on social issues.

The following section of this chapter will provide some examples of tripartite cooperation linked to the expansion of democracy and the market economy.

Events that have hindered tripartite cooperation

The economic, technological and social changes that have hindered tripartite cooperation in recent years are too complex to be described in detail in this chapter. It will therefore focus on those that appear to be most important, that is those closely affecting the very foundations of tripartite cooperation and which have at least a potential effect on a large number of countries. The latter requirement will be considered to have been met if changes that have already had a strong impact on certain regions of the world are still barely perceptible — if they have occurred at all — in other regions but are none the less likely to affect these regions too to a greater extent in the near future. This subsection will begin with a brief summary of the changes that have occurred, and then show how they have led to an erosion of the conditions favourable to tripartite cooperation.

Economic, technological and social changes

Since the various economic, technological and social changes that have recently hindered tripartite cooperation are closely interlinked, there are many possible ways of categorizing them. The division into four types below is only one of many possible classifications.

The first type of change is the fact that the vast majority of countries are now in one way or another facing a difficult economic situation. Although opinions differ as to the reasons for these difficulties, they are obvious none the less. For many years a large number of countries have been burdened by insufficient economic growth, excessive unemployment and underemployment and alarming levels of budget deficits and public debt, which have often made it necessary to adopt stringent austerity programmes. The situation is less uniform as regards inflation, since some countries have curbed it, although there is no guarantee that inflationary pressures will not return, while in others it is still soaring to intolerable levels. Moreover, a certain instability has appeared in the overall economic environment since the disintegration of the system established by the Bretton Woods agreements.

This instability is exacerbated by the fact that it has occurred at the same time as a second major change — the globalization of the economy. Affecting nearly all countries of the world and essentially the result of increasing liberalization of trade in goods and services as well as the movement of capital, globalization is fraught with consequences. Obviously, one of the most important of these is the intensification of international competition, coupled with the fact that an increasing number of countries are entering world markets. This growing competition has forced many countries to adopt stringent structural adjustment programmes. In many cases these programmes have made it necessary for the countries concerned to enlist the assistance of the international financial institutions and to accept the conditions imposed by them. Another very important consequence of the globalization of the economy is the determining role increasingly played by multinational enterprises in the world economy.

A third important change concerns the transformation of production methods. The traditional approach, often termed "Fordism", which consists essentially of mass production of standardized items by semi-skilled workers, is losing ground to another method often referred to as "flexible specialization". Encouraged by a demand which is more differentiated, more variable and more unpredictable, and made considerably

easier by new technologies such as micro-electronics, the main feature of this production method is greater flexibility, enabling production to be more highly diversified and to respond more quickly to demand. The numerous effects of this new production method include an increase in the number of small and medium-sized enterprises, the growth of various forms of contract labour, changes in the skills structure of the workforce and recourse to more flexible and often more participatory forms of work organization. To date, transformation of production methods has mainly affected the OECD countries and, to a lesser extent, the newly industrializing countries. While it is much less common in other countries, it is likely to spread to these as they begin to manufacture more sophisticaed products.

A fourth change is the increasing diversification of the labour market. This is largely the result of the transformations mentioned above. It is reflected in the emergence of new categories of workers in new types of employment relationship, such as temporary or part-time work, which are often less stable than the traditional forms. It is also reflected in an increasing divergence between the interests of different groups of workers, both those in the new types of employment relationship referred to above and groups that have existed for a long time, such as public and private sector workers or those employed in industry and services, whose positions of strength on the labour market have often changed considerably in recent years. Obviously, the more difficult the economic situation and the more limited the overall resources available, the greater the tensions arising out of these differences in interests. The increasing diversification of the labour market is not only the result of the transformations outlined in the preceding paragraphs, but is partly due to other factors with dynamics of their own. These include the massive influx of women on the employment market and changes in workers' attitudes to issues such as the part work should play in an individual's life and the place of solidarity in the life of society.

Geographically, the diversification of the labour market appears to have had an impact on all the regions of the world, in the sense that each of them is affected to a greater or lesser extent by one or the other of its aspects. On the whole, however, it seems to have taken a stronger hold in some countries, such as the OECD countries and those of Central and Eastern Europe, where until recently the labour market was considerably more homogeneous than in most other countries.

Erosion of the conditions conducive to tripartite cooperation

The various changes outlined above have led to an erosion of the conditions necessary for tripartism to function properly. First of all, they have created a general environment which is not especially favourable to it. As was pointed out above, tripartism is hindered when economic difficulties, instability and unpredictability, the search for flexibility and diversity and reliance on market forces exceed a certain level.

Recent economic, technological and social changes have also undermined tripartism through their impact on two particular factors that are crucial to it: the strength of the parties and the degree of centralization of industrial relations. More specifically, the changes that have occurred have weakened each of the three parties to different extents, altered the balance of power between employers and workers to the detriment of the latter, and decentralized labour relations. As stated above, developments of this kind do not tend to further tripartite relations. As these changes are too complex to examine in detail, only their main features will be outlined here.

There are many ways in which the parties have been weakened. For example, the difficult economic situation has gradually reduced employers' and workers' room to manoeuvre and has made it practically impossible for governments to make concessions to them that represent a financial cost. Another example is the way in which the increasing decentralization of labour relations, which will be examined below, has weakened central organizations of employers and workers as parties to tripartite relations. Yet another example is the fact that employers' organizations have sometimes encountered difficulties because of the increasing number and strength of multinational enterprises, whose interests do not always coincide with those of national enterprises, and because of the proliferation of small and medium-sized enterprises, which are often little inclined to affiliate to the organizations concerned.

While the above-mentioned changes have certainly contributed to weakening the parties, the strongest impact appears to have been exerted by two other factors — the globalization of the economy and the trade union movement's inability to adapt. The globalization of the economy has weakened all the parties — governments, employers and workers — in that it has gradually undermined their ability to solve national economic and social problems. This growing incapacity of the parties to overcome national problems because of the constraints resulting from globalization may be observed in every part of the world.

The trade union movement's failure to adapt is such a complex phenomenon that it can only be briefly outlined in this report. If one were to sum up the situation in one sentence, one could say that while care must be taken not underestimate the phenomenon, one should also avoid an attitude of simplistic pessimism. Specifically, it should be recalled that unionization and the influence of trade unions have declined, sometimes considerably, in practically all of the OECD countries. Similar trends, though often less pronounced, may also be observed in many countries of Central and Eastern Europe, Africa and Latin America and in some Asian countries. The reasons most frequently cited include the difficult economic situation in most countries, which leaves little leeway for the classic trade union role of bargaining over wages and incomes, the contraction of sectors that have been traditionally highly unionized as a result of structural adjustment programmes, and the difficulties encountered by trade unions in establishing themselves in growing sectors. Other reasons include, to a greater or lesser extent depending on the country, the increasing fragmentation of the labour market, the more individualistic behaviour of certain categories of workers and anti-union attitudes on the part of the public authorities, certain employers and some sectors of public opinion. One should not be too pessimistic about this situation, however, since the strength of trade unions is not only measured in terms of unionization rates and these rates have not evolved in the same way everywhere. To cite only two examples, some OECD countries have experienced much smaller and later declines in their rates than other countries in this group and, on the other hand, rates have increased, sometimes substantially, in some countries of Asia and Africa. The most in-depth studies of this subject admit that no single explanation has been found for the recent changes that have occurred in this area. Lastly, and not without a certain amount of caution, one can add that for some years now there appears to have been a trend for unionization rates to stabilize in most if not all countries.

Again concerning the strength of the parties, it should be emphasized that recent economic, technological and social changes have altered the balance of power

between workers and employers, to the latters' advantage. Economic difficulties, steeper competition, the flexibilization of production methods and concomitant liberation of market forces have in many cases increased the power of employers, enabling them to take back the initiative in many areas. This strengthening of the employer side has taken place at the enterprise level far more than at the level of employers' organizations. As such, it is closely linked to the decentralization of labour relations, which will be examined below.

There can be no doubt that in the new environment resulting from the changes outlined above, an increasing number of decisions need to be taken at the level of the enterprise, or even at the establishment or shop-floor level. Consequently, the role of the enterprise as the scene of decision-making has been strengthened in all the regions of the world. This trend was inevitably accompanied by a marked decentralization of labour relations in the countries where sectoral and central bargaining traditionally played an important role. The most obvious example of this is the countries of Western Europe. While the extent to which industrial relations have been decentralized should not be underestimated, it should not be overestimated either. It can be seen that sectoral and central bargaining, as well as informal coordination of sectoral and enterprise-level bargaining by higher-level employers' and workers' organizations, still play a significant role in the vast majority of countries in which they were practised in the past. Pressure is also being brought to bear in the same countries to maintain a minimum amount of centralization or coordination of collective bargaining in future. It is hardly surprising that such pressure is being exerted — mainly by the trade unions and some governments, although it is not entirely absent from the employer side either — since the countries concerned have a long tradition of centralization or coordination of collective bargaining and the prospect of abandoning them altogether has always been associated with a risk of anarchy. Since we cannot predict the future, we will not go so far as to say that there will always be a certain amount of centralization or coordination of collective bargaining in those countries which practised it in the past. But to predict the opposite would appear premature, to say the least.

The following section of this chapter will give some examples of the effects that the changes described above have had on tripartite cooperation.

The present situation

The purpose of this section is not to give a detailed account of the present situation of tripartite cooperation in the different parts of the world. It has the more modest objective of highlighting the main features of this situation and illustrating each of them by means of a few examples.

This section is in fact intended to provide concrete illustrations of the information given in the preceding section: while the latter attempted to explain in abstract terms why certain recent events have furthered or hindered the development of tripartite cooperation, this section will show in concrete terms what the actual impact of these events on the growth and nature of the different types of tripartite relations has been. The first subsection will deal with the consequences of the events that have furthered tripartite cooperation, while the second will look at the impact of the events that have hindered it. The third subsection will contain a very brief overview of the present

situation. However, two preliminary observations remain to be made in order to avoid misunderstandings of the situation described below.

The first observation is that the present state of tripartite cooperation can be assessed correctly only if one bears in mind the fact that there have never been very many cases of genuine and lasting tripartite concertation. This is because the conditions necessary for such concertation have been adequately met in only a limited number of countries. Most of these are among those known as the "developed" countries, mainly in Western Europe. This also explains why a relatively large number of the examples given below are taken from this part of the world.

It should, however, be pointed out that in some of the developed countries there is a certain degree of reticence with regard to tripartite concertation, in some of its manifestations. This is the case, for example, in the United States and to a lesser extent in Germany. In these countries the parties have always endeavoured to maintain a stricter demarcation between the role of the State and that of employers and workers. The result is a tendency, which makes itself felt to different degrees depending on the country, to give preference to bipartite labour relations to the detriment of tripartite cooperation; the more official the latter is, the stronger the reluctance to engage in it.

The conditions for genuine and lasting tripartite concertation are often less likely to be met in other countries, in particular in Africa, Latin America and Asia. The reasons for this include, to varying degrees depending on the country, the relative weakness of employers' and workers' organizations, marked decentralization of collective bargaining and, in general, the lack of a tradition of organized and continuous relations between the parties. This does not mean that no significant progress has been made in tripartite cooperation in some of the countries concerned. For example, advisory bodies with general terms of reference and wage boards have often played a significant role in some Asian countries. In several countries in this region, the parties have concluded agreements on industrial relations, usually in the form of codes of conduct. In Africa similar practices have been developed in a few countries, most of them English-speaking. In Latin America, where tripartite cooperation rarely takes the form of permanent institutionalized consultation, tripartite declarations or agreements, usually covering a fairly broad subject area, have been adopted in several countries. However, these achievements should not make one lose sight of the fact that in these regions many advisory bodies are not very active or have even fallen into disuse. Moreover, tripartite bargaining, where it exists, is often very sporadic, and the agreements concluded frequently consist largely of rhetoric which is not backed up by concrete action.

When assessing the present situation of tripartism, it should also be recalled that, even though there are many exceptions to this rule, tripartite cooperation often tends in all regions of the world to focus more on social problems than on economic problems, on the implementation rather than the design of policies, and on the short rather than the long term. It should also be borne in mind that tripartite cooperation has not always had the desired impact, that tripartite agreements have not always been fully applied and that the State has often been the most active partner in initiating tripartite cooperation and especially negotiation.

To avoid giving an unduly negative impression of the situation, it should, however, be emphasized that the difficulties and failures encountered on the road to tripartite cooperation have not prevented new attempts from being made to promote

such cooperation continuously over the years in every region of the world. The history of tripartite cooperation thus appears to have been essentially the history of an ideal pursued with varying perseverance in many countries but only rarely attained for prolonged periods. Even in the countries where tripartite cooperation generally tended to work well, it was not without difficulties and the battle was never definitively won once and for all.

The second observation is that any assessment of the current state of tripartite cooperation must take account of the fact that the overview below will inevitably be limited to those forms of tripartite relations that are visible enough not to be overlooked by the observer. It is a well-known fact that tripartite consultations and negotiations may be informal and that these informal relations often play a considerable role in practice. Thus, some important issues will inevitably be addressed through informal contacts between the public authorities, employers and workers in countries where the parties tend to avoid formal relations. Even in the countries where formal relations are common practice, certain matters — and not the least important — are often dealt with outside the official framework.

Consequences of the events that furthered tripartite cooperation

The experience of the last few years has shown clearly that the recent strengthening of democracy and the market economy has enabled tripartism to develop in many countries.

The most striking example of this is certainly that of Central and Eastern Europe. Genuine tripartite relations having been impossible in these countries before the political and economic reforms of the late 1980s, initiatives to introduce these relations have since been taken in most of these countries. It is true that this process is faced with difficulties throughout the region, mainly because of the lack of a tradition of tripartite cooperation, and these difficulties are especially acute in Eastern Europe. None the less, tripartite relations at the highest level are now the most important form of labour relations in many of these countries.

To give a few examples, tripartite bodies have been set up in Hungary, the Czech Republic, Slovakia and Bulgaria and, more recently, Poland. Most of these bodies are very active in a number of areas. They have issued numerous opinions on draft labour legislation, labour relations issues and many other social policy matters, as well as a number of issues relating to economic policy. In some cases they have also carried out a decision-making function, in particular by fixing minimum wages or setting up tripartite bodies to administer certain aspects of employment policy or vocational training. More rarely, they have settled major labour disputes. Most importantly, however, they have negotiated a considerable number of agreements, usually on a yearly basis. Some of these, in particular those signed in Bulgaria in 1990 and 1991, have dealt not only with social matters but with other issues directly related to economic reform, such as privatization and industrial restructuring. The privatization of state enterprises was also the subject of an important tripartite agreement concluded in Poland in February in 1993. This is one of the few tripartite arrangements in the region not to have been concluded within an official body, since the first Polish body of this kind was set up by the agreement itself. Unlike these Bulgarian and Polish agreements, most of the other agreements concluded in Central and Eastern Europe deal mainly with social issues, in particular the liberalization of wage policy, the level

of wages and other incomes, and the protection of workers against certain risks entailed by the market economy, such as redundancy and unemployment.

Political democratization and economic liberalization have enabled tripartite relations to develop not only in Central and Eastern Europe but in some countries of Latin America, Asia, Africa and even Europe. Two examples in Latin America are Uruguay and Chile. In Uruguay, in 1984-85 in anticipation of the return to democracy, negotiations known as the "Programmatic National Concertation" (CONAPRO) were held. During these negotiations, the political parties and certain social associations, including employers' and workers' organizations, drew up a programme of action for the future Government. Alongside general proposals on a wide variety of subjects, this programme contained specific recommendations on the reform of industrial relations, minimum wage fixing, wage indexing, social security and other labour issues. In the case of Chile, several tripartite agreements were concluded on a yearly basis after democracy was restored. These agreements, the first of which, signed in 1990, was known as "Chile, a historic opportunity", usually contain a part which could be described as the "programme" part of the agreement, which lays down general objectives in various areas, and another part containing specific provisions on labour issues such as the level of wages and certain social security benefits.

In the other regions of the world, the Republic of Korea, South Africa, Spain and Portugal will be mentioned briefly as examples. In the Republic of Korea, the democratization movement began in 1987 and continued thereafter, though the road was not always smooth. Alongside this development, there was progress — significant on the whole, though not always regular — in trade union activity, collective bargaining and other forms of tripartite cooperation, in particular as regards the setting of wages and other income. In South Africa, considerable progress has been achieved in tripartite cooperation since the beginning of the political and economic reforms launched recently. This cooperation takes place mainly within the National Economic, Development and Labour Council (NEDLAC), set up in 1994 on the basis of an agreement between the social partners. Under the Act establishing it, this body is intended to provide a framework for genuine concertation not only on social policy, but also on economic policy. Although the Council has just started its work, agreement has recently been reached within it concerning the very controversial industrial relations bill and discussions have just begun concerning the difficult question of the social aspects of the liberalization of international trade. In Spain, social dialogue was actively pursued in the first decade following the end of the Franco regime and regularly yielded central agreements between 1979 and 1985. These were aimed chiefly at curbing the growth of wages, increasing labour market flexibility, strengthening workers' protection in the event of unemployment and instituting a more efficient system of labour relations. In Portugal several agreements have been signed since 1986 in the Permanent Council for Social Concertation. Although most of these agreements (which never received the support of all the organizations represented on the Council) dealt with wage levels, the economic and social agreement concluded in 1990 also provided for a large number of important labour legislation reforms.

There are many other examples of achievements which, albeit more modest, could be mentioned. While it cannot be denied that none of them are completely without shortcomings, it should be pointed out that most of them would have been impossible without the recent progress achieved in democracy and the market economy.

Moreover, it is likely that tripartism will achieve still more progress in the countries concerned in the near future, as they advance along the path of democracy and the market economy.

Consequences of the events that hindered tripartite cooperation

Recent experience clearly confirms that the economic, technological and social changes outlined in the preceding section have made tripartite cooperation more difficult and demanded that it make certain adjustments. As has been pointed out above, these effects are felt to different extents in all the regions of the world, including those where tripartism is otherwise still furthered by the recent introduction or strengthening of political democracy or the market economy. This explains why some of the countries cited as examples in the preceding section will be mentioned again in this one.

Generally speaking, recent events do not appear to have had very tangible repercussions on the forms of tripartite cooperation that are not likely to have a major impact on national economic and social policy. These are mainly forms of cooperation dealing with a limited subject area in a technical field, which do not normally involve major political or financial implications. Examples of these may be found to a greater or lesser extent in all the regions of the world. One of them is the bodies set up in many countries under the provisions of Convention No. 144 and Recommendation No. 152 to hold consultations on ILO standards and activities. Another example is the bodies carrying out consultation or administrative functions in areas such as occupational safety and health, social security, placement, vocational training, productivity or labour relations, as well as negotiations with a view to concluding central agreements on similar subjects. In some countries such as France, where such bodies have always existed in large numbers and where many agreements of this type have been concluded in past decades, both of these means are still used to a great extent to ensure that employers and workers are involved in decision making in many areas. It is also apparent that the same type of consultation and administrative bodies have recently been set up or strengthened in some countries. To give only a few examples, in the Netherlands in 1991 the employment services, which used to be part of the Ministry, became tripartite bodies. In Singapore, a Skills Development Fund was established in 1979 and the National Productivity Board set up in 1981 was converted in 1994 into the National Productivity and Quality Council after its terms of reference were extended. It can be observed that the latter initiatives, like many others which will be mentioned below, are more likely to occur in a supply-driven economy than a demand-driven economy.

Recent events have had a markedly stronger effect on the forms of tripartite cooperation which have a greater impact on national economic and social policy. These are mainly what could be termed "major" tripartite negotiation and consultation, that is negotiation with the aim of concluding agreements on a wide range of economic and social issues, as well as consultation, normally within an economic and social council-type body, that includes a significant bargaining component and also deals with a large number of economic and social issues.

Tripartite relations of this kind have been hit particularly hard in some countries. At least this is the case for formal relations. In the United Kingdom, for example, most tripartite bodies were gradually dismantled by the Government in the last decade. In

Sweden too, where for a long time tripartite concertation and central bargaining played a particularly important role, the employers' confederation recently withdrew from most tripartite bodies and stopped concluding central agreements with the trade unions. Without going into the details of the reasons for these measures, suffice it to say that in both countries their proponents invoked considerations of principle as well as efficiency concerns.

Measures of this type, however, are very rare. What usually happens is not the dismantling of most visible forms of "major" tripartite negotiation and consultation, but a complex process which, while it does weaken these institutions, does not prevent their continued existence or adjustment to their new environment. An attempt will be made below to illustrate this.

Weakened tripartite cooperation

The difficulties impeding consultation manifest themselves in various ways. In some countries, such as the Netherlands, for example, the main advisory bodies often take longer than they used to to issue their opinions and the number of cases in which unanimity is not reached is increasing. Faced with this situation, governments have often taken decisions without prior concertation or have used other concertation procedures that are less official and more rapid. In another much smaller group of countries, advisory bodies that used to play an important role meet only rarely. This is the case, for example, of the Indian Labour Conference and the Pakistan Tripartite Labour Conference.

As regards tripartite negotiations, the most obvious difficulty is that the failure rate is higher than before, especially where the objectives put forward, usually by the government, are ambitious. Thus, for example, the proposals for social pacts presented by the Government of Argentina in 1984, the Belgian, Spanish and Portuguese Governments in 1993 and the Government of Hungary in 1994 ultimately failed to yield agreements. In each case, the government sought to obtain the employers' and workers' organizations' assent to measures concerning a large number of important issues, in particular competitivity, employment and social protection. One of the main reasons for the failure of these negotiations is that the concessions offered by governments in exchange for the sacrifices they demanded from the trade unions, in particular in terms of wage moderation and increased labour market flexibility, were considered by the latter to be insufficient or to lack credibility. The criticism of lack of credibility was levelled in particular at government promises to create jobs in view of the fact that for many years no government had been able to achieve any substantial improvement in the employment situation. After the failure of negotiations, the governments concerned invariably adopted a series of legislative and regulatory measures, such as those known in Argentina as the "Plan Austral" and in Belgium as the "Plan global", to implement their programmes.

Another less obvious difficulty in tripartite negotiation is that when it has been possible to reach agreements this was often achieved only after considerably stronger pressure from the government than in the past. While this is a particularly marked phenomenon in Latin America, it also occurs in other countries, including those of Western Europe. To mention only two examples in this region, the central agreements signed in Italy in July 1993 and in the Netherlands in November 1993 were both concluded under the threat of unilateral government measures. In the light of this situation, it is clear that the statements one often reads or hears to the effect that in

recent years the public authorities have tended to interfere less and less in economic and social affairs should be viewed with circumspection. Distinctions should be drawn between one country and another and, even more importantly, depending on the area in which the State is likely to intervene.

Tripartite cooperation continues to exist

The fact that tripartite consultation and negotiation are currently facing the difficulties referred to above does not mean that they do not continue to exist in the vast majority of countries where they have been practised in the past. Developments such as those which recently occurred in the United Kingdom and in Sweden are in fact exceptions. Economic and social council-type bodies continue to play an important role in most of the countries where they have played such a role in the past. This is the case in France and Belgium, for example. Tripartite negotiation and concertation also continue to function, with varying degrees of success, in most of the countries where they were practised in previous decades. The Austrian system of concertation, which is highly developed, is still functioning without any major problems. In Ireland, important tripartite agreements have been concluded without interruption since 1987 after central bargaining was suspended for seven years. In other European countries with a tradition of tripartite concertation, the difficulties have been greater and the failure rate higher, but concertation is still alive and well and manifests itself in many different ways. This is the case, for example, in Belgium, Denmark, Italy, Norway and the Netherlands. In Asia, the Japanese concertation system, and in particular the central tripartite concertation body known as the "Sanrokon", does not face any major difficulties. In Singapore the National Wages Council still plays an important role in the economic and social life of the country. In Australia, the agreement concluded in 1983 without formal employer participation between the trade unions and the Labour Party — which shortly thereafter formed a government that is still in power — is now in its seventh version. Lastly, in Latin America, where tripartite negotiation has always been sporadic, tripartite agreements and declarations are still being concluded, on the whole, as in the past, and the process is even being intensified in the countries achieving the most tangible progress on the path of democracy and the market economy.

It should be added that even in the countries that have traditionally been reticent with regard to tripartite cooperation, progress has recently been achieved in this area, or at least some efforts have been made. In the United States, a tripartite commission was set up in 1993 by President Clinton to examine the very difficult and controversial issue of the future of labour relations in this country. This commission submitted its report in December 1994. In Germany, where a tripartite cooperation experiment known as "Concerted Action" had been conducted from 1967 to 1977, in 1992 Chancellor Kohl proposed the signature of a solidarity pact in order to deal with the problems arising out of reunification. This pact was ultimately signed by the Government, the Länder (that is, the federal States) and the political parties, but not by the employers' and workers' organizations. It is also worth mentioning that at its last congress (October 1995), the German metalworkers' union proposed to employers in the industry and the federal Government that an employment pact be signed. This pact should provide for a freeze in real wages for a certain period in exchange for the creation of 300,000 jobs, the rehiring of 30,000 long-term unemployed — possibly at lower wages than those laid down in collective agreements — and a commitment to

refrain from further weakening social protection. At the time of drafting this report, it is not yet known whether this proposal, which was initially favourably received by employers and government, will succeed. Lastly, at the time of writing, the French Government has just convened a tripartite "Social Summit" to put an end to the strikes that have rocked the country for several weeks. Although tripartite negotiations normally cover a narrowly defined range of subjects in France, the trade unions would like this summit to include not only the specific problems at the root of the strike but a number of other issues as well. Time will tell whether the discussions will lead to a wide-ranging agreement. Even if this does not turn out to be the case, it is interesting to note that there have been strong pressures in this direction.

Tripartite cooperation adapts

The last point to be made is that tripartite consultation and negotiation have had to adapt to their new environment and for this reason have undergone considerable transformations. These forms of cooperation are now very different from those which were common in the 1970s, often termed "neo-corporatist". Neo-corporatist arrangements were essentially aimed at coming as close as possible, through tripartite cooperation, to achieving the objectives of full employment and non-inflationary growth. In exchange for promises of wage moderation and more or less specific commitments to maintain social peace, the trade unions were offered, by way of a "political exchange", the right to participate in drafting economic and social policy and often a stronger position within the enterprise through appropriate legislation. In practice the political exchange entailed a high cost for governments because it often involved considerable improvements of the benefits provided by the welfare State. In fact, neo-corporatist arrangements presupposed an environment which has since been considerably changed by the economic, technological and social transformations outlined above. These changes, which have given rise to difficulties for all forms of tripartite cooperation, have been especially unfavourable to neo-corporatist types of arrangement, and have practically resulted in their demise. One of the main reasons for this is that the difficult economic situation means that the parties have considerably less room to manoeuvre. In particular, the public authorities are no longer in a position to ensure a high level of employment or to finance the political exchange. Another important reason is that the centralization and rigidities involved in neo-corporatist practices no longer allowed national economies or enterprises to function efficiently.

However, the decline of neo-corporatism does not necessarily mean the decline of tripartite consultation and negotiation in general, since this is only one form of consultation and negotiation. In fact, tripartite consultation and negotiation have adapted themselves to the changes in the environment in the sense that their primary objective gradually shifted to maintaining or restoring enterprise competitiveness in a context of dwindling resources. Among the means used to attain this objective, the achievement of favourable macroeconomic conditions continues to feature high on the list, in particular in the form of wage moderation and enterprise stabilization policies, as well as in the form of appropriate budgetary, monetary and fiscal policies. Other means include attempts to make the labour market more flexible, as well as active employment policy and various measures to support economic activity. Job-creation is still the ultimate goal of these measures but the fact is now accepted, at least implicitly, that this can only result from growth in competitiveness. Moreover,

the frameworks in which the different forms of tripartite cooperation take place are considerably more flexible than before and allow a great deal more room to adapt at lower levels than in the past. Although the various initiatives referred to above are invariably accompanied by measures intended to provided minimum social protection to workers, obviously tripartite cooperation no longer follows a primarily distributive approach. As pointed out above, a number of attempts at tripartite cooperation now fail because the trade unions consider that the offers made in exchange are insufficient or too unreliable.

This new approach of tripartite consultation and negotiation is so widespread that it is difficult to select a few of the many examples that could be cited. It should be pointed out first that among the subjects dealt with by advisory bodies there has been a clear shift towards those with a direct bearing on enterprise competitiveness. Thus, the various aspects of the problem of labour market flexibility have been examined by nearly all the major advisory councils in the countries of Western Europe. Similarly, the question of structural adjustment has been the focus of discussions in the advisory bodies of some Asian and African countries such as India and Ghana. As regards tripartite negotiation, the Austrian social partners adopted a declaration of principles on social partnership in 1992 and a stability pact in 1993 which reflect nearly every stage of the developments outlined in the above paragraph. The transformations introduced in the Australian agreement of 1983 in the course of its many revisions is another illustration of these developments. A large number of measures along the same lines are also contained in the Italian agreements of July 1992 and July 1993, as well as that of May 1995, which was not signed by the employers. In view of the limits imposed on this report it is not possible to summarize here the very many specific measures laid down in these agreements. However, to illustrate the nature and scope of some of them, we should point out that in the various versions of the Australian agreement, as well as the Italian agreements of 1992 and 1993, wage moderation efforts went as far as completely repealing wage indexing systems. The various versions of the Australian agreement led to in-depth reforms in wage policy, which is now much more decentralized than before, and increases at enterprise level are now largely linked to productivity growth. Lastly, the agreement concluded in May 1995 between the Italian Government and the trade unions enabled considerable savings to be achieved in the financing of the pension scheme, which no government has ever succeeded in imposing unilaterally. The Italian employers, who had participated in the negotiation of the agreement, refused to sign it, on the grounds that it did not go far enough. In other areas of the world it can be observed that enterprise competitiveness concerns also play a dominant role in recent Czech, Hungarian and Polish agreements. Moreover, the National Wages Council of Singapore adopted a new approach in its wage policy at the end of the 1980s with a view to allowing considerably greater autonomy to enterprises in this area. Lastly, several agreements adopted recently in Latin America clearly reflect the current major preoccupations of the parties, which can even be seen from their titles. Examples are the economic solidarity pact, the economic stability and growth pact and the national agreement on productivity and quality improvement adopted in Mexico in 1987, 1988 and 1992, respectively. Other examples are the framework agreement on employment, productivity and social equity signed in Argentina in 1994 and the social pact on productivity, prices and wages concluded in Colombia in 1995.

An overall assessment

Any conclusions that may be drawn from this section will have to be qualified. To sum up very briefly, there are three points that should be emphasized. First, the assessment would be fairly negative if one were to judge the present situation of tripartism using perfection as the yardstick. As stated above, on the whole, despite continuous attempts to come closer to perfection, it has always remained out of reach. Second, this assessment is much less negative if one considers the recent developments of tripartism in their historical context. The current situation can then be summed up by observing that tripartite cooperation — which was never completely without its problems — is now subject to both favourable and unfavourable influences, that the latter have incurred considerable difficulties in the last 15 years that were unknown in the past, but that these difficulties have not prevented it from being practised to a large extent or from adjusting to its new environment. Third, the forces that have none the less weakened tripartite cooperation in recent years continue to operate. This raises a number of questions and concerns as regards the future of tripartite cooperation. The question of the future outlook for tripartite cooperation will be examined in more detail in the following and last chapter of this report.

CHAPTER III

THE FUTURE OF TRIPARTITE COOPERATION

Just as the previous chapter concentrated on developments in tripartite cooperation which occurred in the recent past, this chapter will focus mainly on ways of dealing with the difficulties that have impeded such cooperation in the recent past. Accordingly, little attention will be paid here to the problems which have always prevented tripartite cooperation from thriving in some countries, such as endemic weakness or fragmentation of the trade union movement or the endemic inability of the parties to establish lasting and organized relations. The fact that these "classic" problems will hardly be dealt with at all here does not, however, mean that their importance or the difficulty of solving them is underestimated. This approach is dictated merely by the fact that, in view of the limits imposed on this report, it was necessary to establish certain priorities and in these conditions it seemed more appropriate to focus on new problems rather than those that have been experienced for a long time.

Throughout this chapter it will be borne in mind that tripartite cooperation is not an end in itself, but a means of achieving an acceptable balance between economic and social imperatives. One of the essential messages of this chapter is that the future of tripartite cooperation ultimately depends on whether there is the political will to pursue this objective. The first section will recall that although there has been a decline in this will in the recent past, it was solemnly reaffirmed in the Declaration and Programme of Action adopted by the World Summit for Social Development organized by the United Nations in Copenhagen from 6 to 12 March 1995 and attended by the heads of State and government of most countries of the world. On this occasion, the latter laid down guidelines on the means of ensuring that policies are better centred on social objectives and emphasized, among other things, that cooperation between the State and the social partners at every level was indispensable for this purpose. The second section will look at the prospects of tripartite cooperation at the national level today. The third will emphasize that it is essential to supplement national action to promote tripartite cooperation with international action. The fourth will take a brief look at the role of the ILO in the promotion of tripartite cooperation.

Political will

It would be difficult to deny that, overall, the world has moved away from the goal of social justice in the recent past. For some time inequalities have tended to grow, sometimes to a considerable extent, both within countries and between them. This problem, which is related in particular to the increase in unemployment and underemployment, is worsening in many countries where it had been relatively uncommon, and is now giving rise to an alarming phenomenon of social exclusion.

These developments were confirmed by the Copenhagen Summit, which identified the most serious social problems as "poverty, unemployment and social exclusion, that affect every country" and recalled that "over 1 billion persons in the world today live under unacceptable conditions of poverty, mostly in developing countries".

A detailed discussion of the policies likely to remedy this situation would go far beyond the scope of this report. Suffice it to say here that as a general principle, the adjustments to be made to current policies should mainly concern the relative importance they attach to economic considerations and social concerns, respectively. Obviously, these adjustments cannot have the objective of distributing more than can be produced, but they should aim to ensure that economic progress is not seen as an end in itself, but as a tool to be used for the harmonious development of human beings throughout the world. To this end, policies should be adopted at the national level which, instead of seeking to make enterprises more prosperous at the cost of exacerbating social inequalities, would have as their central objective the promotion of employment in both quantitative and qualitative terms. Likewise, national policies need to be supplemented by appropriate international policies, as will be seen in more detail in the third section of this chapter. While experience shows that these objectives cannot be attained without enlisting the help of market mechanisms, it also indicates that freeing market forces does not in itself ensure that social justice concerns are given their rightful place. If this is to be achieved, these forces will have to be harnessed to a certain extent. In some cases, it will be necessary for the public authorities to intervene. In others, tripartite cooperation may prove to be very useful.

The concerns outlined above were essentially confirmed by the Copenhagen Summit. With a view to placing social objectives at the centre of policies, the Declaration adopted by the Summit includes a commitment by heads of State and government to "creating an economic, political, social, cultural and legal environment that will enable people to achieve social development" and "promoting the goal of full employment as a basic priority of ... economic and social policies". The Programme of Action adopted by the Summit also makes recommendations — which will be examined in the third section of this chapter — concerning the necessary international policies to support national policies. Moreover, it states that while economic activities are a fundamental basis for social progress, "social progress will not be realized simply through the free interaction of market forces. Public policies are necessary to correct market failures, to complement market mechanisms, to maintain social stability". The Programme of Action also affirms that "the goal of full employment requires that the State, the social partners and all the other parts of civil society at all levels cooperate to create conditions that enable everyone to participate in and benefit from productive work".

Everything points to the fact that if the requirements of social justice are to be given their rightful place in national and international policies, a choice needs to be made in favour of a certain hierarchy of values. This is the message emphasized in the Declaration and Programme of Action adopted by the Copenhagen Summit, which point out that the elimination of poverty in the world is an ethical imperative and that only a renewed absolute political will, at both the national and the international level, to invest in individuals and their well-being will enable the objectives of social development to be achieved.

Prospects for tripartite cooperation at the national level

This section will argue that tripartite cooperation still has an essential role to play at the national level, while admitting that there are some difficulties along the way. The first subsection will attempt to show why tripartite cooperation still has a vital function. The second will take a brief look at the main problems facing it.

An essential role

Where there is the political will to find an acceptable balance between economic and social considerations, tripartite cooperation is not the only tool that may be used for this purpose. Unilateral action by the State may also contribute to achieving this objective. The same is true of bipartite collective bargaining, even if it is decentralized, particularly where a spirit of cooperation and concern for the common interest are strong elements of the bargaining "culture". Individual labour relations may also be helpful. The fact remains, however, that tripartite cooperation is a particularly appropriate means of reconciling economic and social imperatives, in the sense that it affords certain possibilities that other instruments sometimes lack and that it makes it easier to avoid certain pitfalls inherent in the latter. There are two main reasons for these advantages of tripartite cooperation. First, it involves the three main actors of economic and social life in decision making. In this way it can allow both market forces and the public authorities to come into play, thus avoiding both excessive state control and excessive liberalism, while bridging the areas of competence of the State and those of the social partners. Second, tripartite cooperation normally takes place at the highest level. This enables it to deal with issues which can in practice only be solved at that level, with all the advantages referred to above. It also makes it possible, if the parties so wish, to tackle other problems at this level, thus ensuring that they are solved with a degree of coordination, solidarity and social integration that cannot be achieved by decentralized labour relations.

While it would appear to be justified, therefore, to promote tripartite cooperation as a particularly appropriate means of reconciling economic and social concerns, a realistic approach is none the less necessary. In fact, the principle of tripartite cooperation should be promoted above all, but with a great deal of flexibility, in each case choosing the methods that are best adapted to national traditions of labour relations. In particular, promotion efforts could focus on tripartite cooperation machinery within official institutions or on unofficial arrangements, depending on the case. At all events, it should be borne in mind that the most distinctive national experiences are the most difficult to imitate elsewhere.

Tripartite cooperation arrangements should not only be suited to each country's style of labour relations, but should also be adapted to the environment resulting from the economic, technological and social changes outlined in the previous chapter. It will be recalled that in the light of these changes, one of the primordial objectives of tripartite cooperation should be to maintain enterprise competitiveness and that this goal requires in particular a sufficient degree of decentralization of the decision-making processes.

From the above paragraphs, which appear to reflect the views of most of the authors who have written about this subject, one may conclude that tripartite cooperation still has an essential role to play today and this role can only consist of

reconciling the requirements of enterprise competitiveness and the need to decentralize decision making, on the one hand, and considerations of social justice on the other. One of the greatest challenges facing tripartite cooperation is the effective management of diversity. In practice this will mean leaving enough room to manoeuvre at lower levels, while at the same time ensuring that centrifugal forces do not lead to situations in which there would be no coordination effort to curb the diversification of solutions and solidarity would only exist within the narrow confines of each enterprise. It is undeniable that such a balance is never easy to achieve and that it should be constantly adjusted to changes in the economic, social and political context.

It should also be recalled that there should still be substantial scope for strengthening tripartite cooperation in the countries that have recently embarked on a process of political democratization and economic liberalization, since these processes themselves will probably be intensified in the coming years.

Principal difficulties

A discussion of the prospects of tripartite cooperation at the national level would probably be considered incomplete if it failed to look at the main difficulties faced. Even if it is clear that cooperation still has a vital role to play today, some mention, however brief, should none the less be made of the main problems now impeding its functioning and of the main objections levelled against it. This is what the following paragraphs will attempt to do, the intention being, however, not to undertake a detailed examination of these problems and objections — to which there do not appear to be any widely acceptable solutions — but simply to present them as clearly as possible for possible discussion by the Conference.

The first problem, referred to several times in the previous chapters, concerns the advantages offered to the trade unions in exchange for the concessions required of them in the framework of tripartite cooperation. Obviously, the possibilities are now very limited and, in a number of cases, the trade unions have in fact considered that the offers made were insufficient to justify continuing discussions. In fact, the trade unions face a difficult dilemma: if they decide to be a party to tripartite arrangements, they run the risk of tarnishing their reputation as efficient defenders of their members' interests; on the other hand, if they refuse, they may harm their image as useful partners of governments and employers in designing and implementing economic and social policy. Obviously, it is up to the trade union organizations themselves to decide how to solve this dilemma. Suffice it to say here that the authors who have written about this subject often wonder whether the trade unions' refusal to participate in tripartite arrangements does not in fact deprive them of the opportunity to influence the management of the crisis in a direction that would be more favourable to them than others — even if it is impossible for them to derive advantages that can be expressed in financial terms — and whether this refusal does not entail the risk, in the long run, of eroding social dialogue itself.

Another problem is the difficulties trade union organizations have in adapting to the economic, technological and social changes described in the previous chapter. Even though these difficulties have not prevented tripartite cooperation from continuing to function in many countries, they have nevertheless had an impact on it in the sense that they have affected the position of trade union organizations as parties to

tripartite cooperation. Again, it is only the organizations themselves that can decide what initiatives should be taken to solve these difficulties. We shall confine ourselves here to highlighting the most important considerations that have been consistently put forward in the literature on this subject. In their efforts to identify the current difficulties faced by trade union organizations, many authors appear to consider that their main problem — and that of tripartite cooperation itself — is ultimately how to manage diversity effectively. Specifically, the basic challenge — and one which is easier to identify than to meet — for the trade unions is to cater adequately to the interests of the various categories of workers in order to encourage them to affiliate, while at the same time maintaining enough solidarity between these categories to enable them to coexist in peak organizations. The authors often point out that where they do not succeed in this objective, it is to be expected not only that the peak organizations will be considerably weakened, but that they will face increasing competition from a growing number of trade unions for the different categories of workers. As to ways in which the current difficulties can be overcome, studies often point out that the trade unions appear to be more likely to solve these problems if they do not confine themselves to their traditional activity, collective bargaining, but endeavour to influence economic and social policies at the national level and especially to be present in enterprises so that they may play an active part in the important developments currently taking place at that level. On the last point, the trade unions should take a positive approach to enterprise competitiveness concerns and be fully involved in decisions as to how such concerns will be met.

Without unduly linking the situation of the trade union organizations with that of the employers' organizations, the question arises none the less whether part of the difficulties sometimes faced by the latter are not also partly related to the management of diversity and whether part of the solution would be to provide better services directly to enterprises in order to help them maintain or restore their competitiveness.

The main objections raised against tripartite cooperation concern, on the one hand, the involvement of "civil society" and, on the other, its economic results. The first objection argues that one of the shortcomings of tripartite cooperation is the fact that it limits participation in decision making to employers and workers, excluding the rest of civil society. First of all it should be pointed out that the idea of extending tripartite cooperation to other social groups besides employers and workers is not a new one. Some of the major advisory bodies have for many years included persons who are self-employed, for example in agriculture or crafts, representatives of groups such as cooperatives and family associations, or "independent" members acting in their capacity as experts or representing the general interest. Sometimes central bargaining has included occupational categories that were not represented by employers' or trade union organizations, but that played an important role in the national economy. However, there does seem to have been a renewed interest in the last few years in the idea of greater involvement of civil society in designing and implementing national economic and social policy. In particular, the Programme of Action of the Copenhagen Summit repeatedly advocates this in very explicit terms. As this is a very complex issue, we shall confine ourselves here to putting forward a few basic considerations with a view to discussion at the Conference. To begin with, one should of course confirm the principle that every social group likely to be substantially affected by economic and social policy decisions should be involved in taking them. It

should be borne in mind, however, that the application of this principle in practice can give rise to many problems. It will have to be determined whether its application in practice will require reforms and, if so, what they will be. The need for reform will probably be substantial in countries where the formal sector of the economy is very limited; there will probably be much less need for reform in countries with a very large formal sector. The question then arises whether the groups that are not represented in decision-making structures are organized enough to be able to be effectively integrated. If they are, efforts should be made to integrate them while ensuring, as far as possible, that the structures do not lose any of their efficiency. If they are not, only the State can adopt the necessary measures to ensure that the interests of the groups concerned are taken into account.

Despite the many difficulties involved, from time to time real progress has been achieved in the participation of civil society in designing and implementing economic and social policy. An interesting example is the National Economic, Development and Labour Council (NEDLAC) set up in 1994 in South Africa. Expected by the social partners to contribute significantly to national economic and social development, this body includes a special chamber dealing with development issues in addition to three tripartite chambers covering public finance and monetary policy, trade and industry, and labour market policies, respectively. In addition to the traditional partners, the Development Chamber includes NGOs representing community interests relating to construction and development, such as civil rights groups and groups defending women, youth and rural populations. The subjects currently being examined by this chamber include social development issues and municipal infrastructure programmes.

The second objection to tripartite cooperation, which concerns its economic results, has arisen only recently. Its adherents maintain that tripartite cooperation, which necessarily calls for a certain amount of centralization of labour relations, is associated with lower macroeconomic performance than decentralized systems of labour relations. This objection is at the heart of the difficult debate on the macroeconomic performance of various "models" of labour relations. The literature on this subject is both abundant and inconclusive. It generally attempts to establish "correlations" — virtually no one dares to speak of a "causal relationship" — between the degree of "corporatism", "centralization" or "coordination" of labour relations systems and the extent to which they enable wage policies to be pursued which help curb both inflation and unemployment. The earliest studies, describing the 1970s and early 1980s, often concluded that the higher the degree of "corporatism" of labour relations systems, the better their performance. More recent studies referring to the 1980s often found that the best performances were achieved by the more "centralized" or "coordinated" systems and by the least "centralized" and "coordinated" systems, while those in the middle of the range obtained the lowest results. The few studies that also cover the early 1980s, however, lead to the conclusion that these correlations are becoming increasingly ambiguous, in particular if one considers the deterioration in the performance of certain systems that have traditionally been highly centralized, such as the Swedish system.

However, many reservations have been expressed with regard to these studies. Even for the seventies and eighties, it was often pointed out that the correlations drawn were rarely sound, or even statistically significant. The situation is even less clear as regards more recent years. For example, the advocates of decentralized labour

relations systems often cite as evidence the recent decline in the performance of certain centralized systems, such as the Swedish system. The counter-argument often put forward by proponents of centralized systems is that several years of decentralization in the United Kingdom have not prevented wages from growing faster than productivity and have not had the desired effects on unemployment. More generally, they add that decentralization frequently amounts to nothing more than a trade-off between unemployment and growing inequalities. More neutral observers often point out that three economies that are very prosperous on the whole — the United States, Japan and Germany — have very different labour relations systems, in particular as regards the degree of centralization or coordination of collective bargaining. Sometimes they also note that a system as decentralized as that of the United States, one as centralized as that of Austria and one as coordinated as that of Japan have all three made it possible to achieve a certain amount of flexibility in adjusting relative wages, which is reflected in sizeable wage disparities.

One might be tempted to conclude from the above that labour relations do not have any influence on macroeconomic performance. However, this conclusion does not seem very plausible. To mention only one example, it is difficult to imagine that the extent to which a system of industrial relations is cooperative or conflictual will not have important repercussions on the economy. In fact, the methods used in the studies carried out to date have a great many shortcomings. For example, one might wonder whether they take account of enough variables, both in the area of labour relations and in that of economic performance, to reach reliable conclusions. In other words, the question arises whether there can really be a correlation which is constant in time and in space between the degree of "corporatism", "centralization" or "coordination" of labour relations, on the one hand, and inflation and unemployment, on the other. At all events, there is no doubt that the studies raise serious problems as regards the definition and application of the variables referring to labour relations. For example, there are sometimes glaring divergences in the classifications of countries by the various studies according to the degree of "corporatism", "centralization" or "coordination" of national labour relations systems. Another shortcoming is that the studies only cover a limited amount of countries — "developed" countries in every case — and that they only refer to certain years or relatively brief periods, the choice of which is inevitably somewhat arbitrary.

To conclude, given the current state of knowledge on the subject, any attempt to base the choice of a labour relations system on its economic results would provoke endless discussions. In these conditions, it would be desirable for future research to improve our knowledge of this subject, and for such research to focus not only on the possible disadvantages of more highly institutionalized systems of labour relations, but also on their potential advantages.

The need for international action

In addition to the difficulties outlined in the previous section, tripartite cooperation has also had to face others that are probably more fundamental. They result from the fact that the globalization of the economy is constantly on the increase, while tripartite cooperation — and, more generally, the instruments that would enable acceptable balances to be achieved between economic and social imperatives — are almost all confined to the national level. This limits the ability of the national actors to

achieve these balances. In these conditions, one of the most pressing challenges of our time is to create machinery which would ensure that social concerns are taken into account at the international level in the globalization of the economy. This calls for two groups of measures. The first relates to the coordination of national economic policies. As stated above, such policies should have as their central objective the promotion of employment in both quantitative and qualitative terms. Since the growing interdependence of national economies has considerably reduced the national actors' room to manoeuvre in the design of such policies, they should be given more leeway in this area by improving the coordination of national policies. The second group of measures concerns the management of free trade. This appears to be the most effective instrument to create an enabling environment for growth, which itself is an indispensable prerequisite for restoring full employment. However, efforts should be made to ensure that free trade is carried out in conditions of equitable international competition. This means that these conditions must be defined and the necessary measures to ensure compliance with them laid down.

The national social partners are certainly more aware than in the recent past of the need to provide an international social framework for the globalization of the economy. One important example is that of Austria. In this country, where tripartite cooperation has always played a central role in economic and social life, the Declaration of Principles on Social Partnership adopted in November 1992 not only explicitly recognizes the phenomenon of globalization and its implications for national tripartite cooperation, but also provides for institutional reforms to enable the resulting problems to be better taken into account. The Declaration provides that the joint commission, which has been the central body for tripartite cooperation in Austria since 1957, will henceforth include a subcommittee on international issues in addition to the existing subcommittee on wages, the price subcommittee and the economic and social advisory committee. The new subcommittee will be responsible for monitoring and analysing developments at the international level in all areas affecting the social partners, in order to enable the latter to better identify the action to be taken at this level and the way in which it should be coordinated.

This greater awareness of the need to provide a framework of international social measures to accompany the globalization of the economy explains why a number of specific initiatives have recently been taken at both the regional and worldwide levels with the aim either of helping to coordinate national policies or of promoting respect of workers' fundamental rights in order to foster equitable international competition. The rest of this section will attempt to give a brief overview of the most important of these initiatives. The aim is neither to pass judgement on the effectiveness of the various measures already taken, nor to propose others for the future. These issues, which are now already being discussed in other forums both within and outside the ILO, lie far beyond the scope of this report. We shall confine ourselves to the more modest goal of emphasizing two points: first, the number and diversity of the recent measures, however insufficient they may be, seem to show that the movement to set up an international social framework for the globalization of the economy has lately gained impetus and now appears to be irreversible; second, various forms of international tripartite cooperation have played a considerable role in the pursuit of this objective.

At the regional level, the example of the European Union should certainly be mentioned first. Since it was first set up, it has devoted a great deal of effort to ensuring

that its activity has a social dimension. As early as 1957 the Treaty of Rome provided for the establishment of an Economic and Social Council, which includes employers' and workers' representatives, and over the years many other mechanisms have been set up for consultation between the European social partners and the Commission of the European Union. Efforts to strengthen the social dimension of the European Union have been stepped up in the last few years. The most important initiatives include the adoption in 1989 by the heads of State and government of the Community Charter of the Fundamental Social Rights of Workers. The latter, which is not binding and to which the United Kingdom is not a party, defines a platform of social rights that should be recognized in all the member States. Most importantly, however, the Protocol on Social Policy annexed to the Treaty on European Union signed in Maastricht in 1992, which is based on an agreement between the European social partners, opens up new perspectives for social dialogue within the Union. The Protocol, which the United Kingdom has not signed either, provides that the social partners shall be consulted by the Commission both on the general direction of the Union's social policy and on the substance of the measures envisaged. The Protocol also provides that on the occasion of such consultation, employers and workers may inform the Commission of their wish to enter into contractual relations and to conclude agreements on the subjects under discussion. The duration of this procedure shall not, however, exceed nine months, unless the employers, the workers and the Commission decide jointly to extend this time-limit. It is still too early to access the practical impact of this last provision of the Protocol. It is worth noting, however, that the European social partners have recently negotiated several opinions and joint declarations with the aim of influencing the forthcoming discussions by heads of State and government on certain economic and social issues during their semi-annual meetings.

Social issues are also receiving increasing attention in Mercosur, which was established in 1991 by the Treaty of Asuncion, which provides for the gradual establishment of a common market between Argentina, Brazil, Paraguay and Uruguay. Although the Treaty itself only includes a brief reference to the concept of "social justice", the Declaration of Montevideo adopted less than two months later by the Labour Ministers of the member States specifies clearly that the integration process should be accompanied "by a real improvement and relative equality of working conditions in the countries that have signed the Treaty" and calls for institutions to be set up to study this question. A subgroup on labour relations, employment and social security, in which employers and workers participate on an advisory basis, was set up in response to this demand. This subgroup recommended the ratification of 33 core Conventions of the ILO and has begun work on the drafting of a social charter. It is also worth noting that the Protocol of Ouro Preto of 1994, which establishes the definitive structure of Mercosur, set up an Economic and Social Consultative Forum, a tripartite body that is empowered to submit recommendations to the higher bodies of Mercosur. Again, it is too early to assess the effectiveness of the machinery which has been set up. It can only be observed that there has been a recent rapid increase in awareness of the social aspects of economic issues in Mercosur and that the institutions it has set up to ensure that these aspects are taken into account hold some promise for the future.

Lastly, at the request of the Pan-African Employers' Confederation and the Organization of African Trade Union Unity, in 1992 the Organization of African

Unity converted its Labour Commission — until then composed only of government representatives — into a tripartite body.

At the worldwide level, it is certainly the Copenhagen Summit which has recently given the strongest impetus to a better integration of the social dimension in the globalization of the economy. The documents adopted by the Summit emphasize the need to coordinate national policies and to promote respect of workers' fundamental rights, in particular by ratifying ILO Conventions on the subject. In the passages referring to the role of the United Nations system in the follow-up to the Summit, these documents express the wish that the ILO should play a special role in the area of employment and social development by reason of its mandate, tripartite structure and expertise and that it should contribute to strengthening cooperation between the Bretton Woods institutions and the other agencies of the United Nations system.

Important initiatives have been taken in a number of areas to follow up on the Summit. As regards the promotion of workers' basic rights, the Governing Body of the ILO has decided to launch a vast campaign to ensure more widespread ratification of ILO Conventions in this area and to intensify the combat against child labour. The Governing Body is also studying means of improving the efficiency of the machinery for supervising the application of the standards relating to workers' fundamental rights.

Other initiatives have been taken with the aim of achieving progress in the long and difficult task of improving coordination of national policies, in particular with regard to achieving a better balance between economic and social imperatives. The Administrative Committee on Coordination of the United Nations, which groups together the executive heads of the specialized agencies under the Secretary-General, decided at its October 1995 meeting to set up three special inter-agency teams whose task would be to assist representatives of the institutions concerned in working together to ensure that the major international policy orientations take the form of specific measures at the national level. In accordance with the wish expressed by the Copenhagen Summit, the ILO was invited to serve as the lead agency for the task force on employment and sustainable livelihoods. Progress has been achieved in the dialogue between the ILO and the Bretton Woods institutions. In particular, at the October 1995 meeting of the Interim Committee of the Board of Governors of the International Monetary Fund (IMF) it was agreed that cooperation would be strengthened between the two institutions "with a view to helping Fund missions to acquire a better understanding of labour markets and social protection issues" and in order to enable the ILO staff "to further integrate in their own policy advice the view of the Fund on macroeconomic policies and targets". Lastly, the ILO has just been invited for the first time to participate in a G7 summit, grouping together the seven most highly industrialized countries. This summit will be held in April 1996 and will deal with employment issues.

This section should not be concluded without briefly mentioning the very controversial issue of the possible insertion of "social clauses" in international trade treaties. The purpose of such clauses would be to make the liberalization of trade subject to adherence to certain social standards, using a variety of means. In practice, the standards referred to were, generally speaking, those concerning workers' fundamental rights, and not those on conditions of work or wage levels. Seen by some as a means of providing a social dimension to economic globalization, social clauses are considered by others to be a disguised form of protectionism. In practice, attempts

to introduce social clauses appear to have been few and far between up to now. One example is the North American Agreement on Labor Cooperation (NAALC) of 1993, which supplements the North American Free Trade Agreement (NAFTA) concluded between Canada, the United States and Mexico. Another example is the Regulation of the Council of the European Communities of 19 December 1994 applying a four-year scheme of generalized tariff preferences (1995-98) in respect of certain industrial products originating in developing countries. There appears to be little chance of social clauses developing in the future, judging from the direction that recent international discussions on the subject have taken. In particular, at its 262nd Session (March-April 1995), the Governing Body of the ILO, while expressing the intention to continue to discuss, within a very broad framework and in a manner to be specified, the question of links between international trade and social standards, decided to suspend all discussion of the establishment of such a link by means of a social clause and sanction machinery. Generally speaking, one is left with the impression that the discussions on social clauses that have taken place up to now — whether in the ILO or elsewhere — have mainly led to an intensified effort to ensure that workers' fundamental rights are respected, but without the violation of these rights having any tangible effect on international trade.

The role of the ILO

It is unlikely that new standards would be able to contribute significantly to solving the problems currently faced by tripartite cooperation. The main difficulties are such that they cannot be solved or mitigated by regulatory means. It is difficult to see, for example, how such regulation could contribute substantially, in the current context, to ensuring that the parties enjoy the representativity they need in order to participate fully in tripartite cooperation. It is just as difficult to see how they could have a tangible impact, in the same context, on how far economic considerations, on the one hand, and social concerns, on the other, are taken into account in national and international policies. Moreover, it would seem that the aspects of tripartite cooperation that can usefully be dealt with by international labour standards are already adequately covered in existing standards, and, in particular, in Recommendation No. 113. It is difficult to see how the substance of the latter could be significantly improved while preserving the necessary flexibility that is characteristic of it.

While standard setting does not appear to be of much help in the promotion of tripartite cooperation, most of the ILO's other means of action, on the contrary, would seem to be of potential use for this purpose. Using these means, there would appear to be three main directions the ILO could take.

First, the ILO should do everything in its power to strengthen the political will of governments, employers and workers to find acceptable compromises between the requirements of economic development and those of social justice. The future of tripartite cooperation ultimately depends on whether there is this political will. Fostering it will certainly be a difficult task which will never be achieved once and for all, and for which there are no universally valid methods. In these conditions, it would appear to be difficult to recommend certain means of action rather than others in order to carry out this objective. In fact, all the ILO's activities should constantly be geared

to the priority objective of contributing to achieving a balance between economic and social imperatives.

The second major objective of the ILO's activities should be to ensure that tripartite cooperation functions smoothly at the national level. It should be borne in mind that the scope for this is not unlimited, since the globalization of the economy has in many ways reduced the possibilities available at national level. This does not mean, however, that many initiatives cannot still be taken at this level. They would appear to fall into two main categories. First, measures geared to the medium or long term could be taken with the aim of fostering the necessary conditions to enable tripartite cooperation to function smoothly. One example would be measures to strengthen democracy and the market economy in the countries in transition or those aimed at strengthening the parties in countries where they are too weak to act as fully-fledged partners in tripartite cooperation. Another example would be measures aimed at developing the spirit of cooperation among the parties or, where appropriate, setting up an institutional and procedural framework for tripartite cooperation. The second category of measures could be aimed at gathering and disseminating sufficiently detailed and up-to-date information — either by means of studies or through meetings — on the developments which have occurred in tripartite cooperation since the economic, technological and social changes outlined in the previous chapter. It might be particularly useful to organize exchanges of views between labour relations practitioners in order to obtain a clearer picture of the difficulties encountered and efforts to solve them and to better identify the reasons why these efforts have succeeded or failed.

The third major objective of ILO activity — and certainly the most important at this time — would be to help set up, at the international level, a social framework for the globalization of the economy, in order to restore the necessary room to manoeuvre for tripartite cooperation to be able to function smoothly. As stated above, we shall refrain here from making proposals on specific initiatives that the ILO could take for this purpose, since this goes far beyond the scope of this report and is now being discussed in other forums, both within the ILO and outside it. In these circumstances, we shall confine ourselves here to two general observations.

The first concerns the size and urgency of the task facing us. As was recalled above, it is true that there is currently a growing awareness of the need to provide a social dimension of the globalization of the economy and that an increasing number of initiatives have been taken to this end. While these developments are to be welcomed, it should, however, be borne in mind that there is still a long way to go, for the internationalization of the economy has been under way for many years, while efforts to provide a social framework are only beginning. It should also be borne in mind that because of the extent of this gap and the tensions arising from it, substantial progress will have to be achieved rapidly in order to remedy the existing deficit, failing which serious social upheavals could occur, provoking a chaotic return to protectionism.

The second observation is that, in accordance with the wish expressed by the Copenhagen Summit, the ILO should play a central role in the action to be taken, "because of its mandate, tripartite structures and expertise". As the only worldwide intergovernmental organization to focus its activities entirely on social and labour issues, the ILO has accumulated a unique body of experience since it was created in 1919. Moreover, its tripartite structure enables it to give a tripartite dimension to all the activities it undertakes jointly with other international organizations. Through its

participation in these actions, it will be possible to promote tripartite cooperation and to reap its potential benefits, not only at the national level but also at the international level.

SUGGESTED POINTS FOR DISCUSSION

The purpose of this section is to recall briefly the most important points raised in the report with a view to discussion by the Conference. Obviously, the Conference is free to refrain from discussing any of the points proposed or to add other points to the list.

1. Do the distinctions drawn in Chapter I between different forms of tripartite cooperation provide a satisfactory conceptual framework for discussion? If not, how should this framework be changed or supplemented?

2. Do the considerations put forward in Chapter I on the nature of tripartite cooperation appear to be relevant? In particular, do you agree that (a) tripartite cooperation is essentially a means of achieving compromises that are acceptable for all the parties concerned between economic and social imperatives? (b) While tripartite cooperation cannot function in the absence of a market economy, it also has the aim of restricting, to a certain extent, the free play of market forces? If not, what is the fundamental objective of tripartite cooperation and what is its relationship with the market economy?

3. Does Chapter II give an accurate picture of the causes that have furthered or impeded tripartite cooperation? Are there other causes that have affected it in either way? If so, what are they and what is their relative importance? Among the causes mentioned in the report, are there some which have had a particularly important impact on tripartite cooperation and, if so, what are they?

4. Does the description of the current situation given in Chapter III appear to be balanced? Does it seem too pessimistic or too optimistic? If so, why? In particular, do you agree that the recent difficulties faced by tripartite cooperation should essentially be seen as a process of adaptation to its new environment? If not, how should they be interpreted?

5. As regards the future of tripartite cooperation and the role of the ILO, do you agree with the general analysis put forward in Chapter III, to the effect that (a) the priority tasks today are to ensure that better account is taken of social considerations and, in particular, to provide an international social framework for the globalization of the economy? (b) The various forms of tripartite cooperation (including informal arrangements) are an especially appropriate means — and, in the event of a serious crisis, an indispensable means — of ensuring that better account is taken of social considerations at the national level? (c) That tripartite cooperation has an important contribution to make to providing an international social framework for the globalization of the economy?

6. What can be done today to contribute to the smooth functioning of tripartite cooperation at the national level?

(a) As regards the fundamental issue of the ability of tripartite cooperation to adapt to its new environment, how can tripartite cooperation be arranged so as to better reconcile enterprise competitivity concerns and the need to decentralize decision-making processes, on the one hand, and the requirements of social justice and solidarity, on the other? In this respect, what should be the respective roles of market forces and the State, as well as those of tripartite cooperation, bipartite collective bargaining at every level (central, sectoral and enterprise level) and individual labour relations? How should the difficulties arising out of the fact that only limited advantages can be offered to trade unions in exchange for the sacrifices demanded of them be addressed? What initiatives can the ILO take to help solve the various problems raised in this paragraph?

(b) More specifically, what can be done to ensure that the parties enjoy the representativity and other means they need in order to become fully-fledged partners in tripartite cooperation? What are the needs for and possibilities of extending tripartite cooperation to other partners besides governments, employers and workers? What other initiatives can be taken to promote tripartite cooperation, for example as regards strengthening the spirit of cooperation among the parties or the setting up of an institutional and procedural framework for tripartite cooperation? What initiatives can the ILO take to help solve the various problems raised in this paragraph?

7. Are there any suggestions to contribute to the discussions now taking place in other forums, both in the ILO and outside it, on how to provide an international social framework for the globalization of the economy? What can the role of the ILO be (a) in promoting equitable international competition and (b) in promoting coordination of national economic and social policies? How can the ILO ensure that (a) international labour standards and (b) international forms of tripartite cooperation can contribute as effectively as possible to achieving these goals?

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[1] Most of the references here are to collections of national studies by different authors, as well as general or comparative studies on the various forms of tripartite cooperation. The studies contained in these collections are not referred to separately in this bibliography.

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APPENDICES

APPENDIX I

CONSULTATION (INDUSTRIAL AND NATIONAL LEVELS) RECOMMENDATION, 1960 (NO. 113)

The General Conference of the International Labour Organization,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Forty-fourth Session on 1 June 1960, and

Having decided upon the adoption of certain proposals with regard to consultation and cooperation between public authorities and employers' and workers' organizations at the industrial and national levels, which is the fifth item on the agenda of the session, and

Having determined that these proposals shall take the form of a Recommendation;

adopts this twentieth day of June of the year one thousand nine hundred and sixty the following Recommendation, which may be cited as the Consultation (Industrial and National Levels) Recommendation, 1960:

1. (1) Measures appropriate to national conditions should be taken to promote effective consultation and cooperation at the industrial and national levels between public authorities and employers' and workers' organizations, as well as between these organizations, for the purposes indicated in Paragraphs 4 and 5 below, and on such other matters of mutual concern as the parties may determine.

(2) Such measures should be applied without discrimination of any kind against these organizations or amongst them on grounds such as the race, sex, religion, political opinion or national extraction of their members.

2. Such consultation and cooperation should not derogate from freedom of association or from the rights of employers' and workers' organizations, including their right of collective bargaining.

3. In accordance with national custom or practice, such consultation and cooperation should be provided for or facilitated —

(a) by voluntary action on the part of the employers' and workers' organizations; or

(b) by promotional action on the part of the public authorities; or

(c) by laws or regulations; or

(d) by a combination of any of these methods.

4. Such consultation and cooperation should have the general objective of promoting mutual understanding and good relations between public authorities and employers' and workers' organizations, as well as between these organizations, with a view to developing the economy as a whole or individual branches thereof, improving conditions of work and raising standards of living.

5. Such consultation and cooperation should aim, in particular —

(a) at joint consideration by employers' and workers' organizations of matters of mutual concern with a view to arriving, to the fullest possible extent, at agreed solutions; and

(b) at ensuring that the competent public authorities seek the views, advice and assistance of employers' and workers' organizations in an appropriate manner, in respect of such matters as —

(i) the preparation and implementation of laws and regulations affecting their interests;

(ii) the establishment and functioning of national bodies, such as those responsible for organization of employment, vocational training and retraining, labour protection, industrial health and safety, productivity, social security and welfare; and

(iii) the elaboration and implementation of plans of economic and social development.

OBSERVATIONS REGARDING CONSULTATION AND COOPERATION BETWEEN PUBLIC AUTHORITIES AND EMPLOYERS' AND WORKERS' ORGANIZATIONS AT THE INDUSTRIAL AND NATIONAL LEVELS

(adopted by the 44th Session of the International Labour Conference, 1960)

Consultation involving public authorities

1. Consultation and cooperation between public authorities and employers' and workers' organizations in one form or another have increasingly come to be recognized by a wide variety of member States as desirable and even essential. In some States the practice of consultation and cooperation is of long standing; in others it is developing or just emerging. Methods vary greatly from country to country.

2. The purpose of this document is not to describe what is actually happening or contemplated in any one or more member States but rather to attempt to indicate in summary form points that might enrich the experience of all who are concerned to see an improvement or extension of consultation and cooperation.

3. There is a growing belief that employers' and workers' organizations should be consulted by public authorities on matters affecting, or likely to affect, them. It is recognized that if the viewpoints of all concerned are known there is a greater likelihood that the measures and policies which public authorities may be called upon to undertake or follow will not only be likely to command greater respect and support but also be more soundly based.

4. This consultation and cooperation may be seen as a reflection of the philosophy of government by consent and of the sharing, in a broad fashion, of responsibility for the well-being of the community as a whole. It may be the reflection, in the eyes of the community, of the growing stature of employers' and workers' organizations and of the belief that, however divergent may be some of the attitudes of employers' and workers' organizations, there is a common interest in the well-being of the community as a whole and that through consultation and cooperation among the three parties concerned, namely public authorities and employers' and workers' organizations, greater harmony in industrial relationships may be achieved. Consultation and cooperation may also be seen as a reflection of the growing complexity of the problems of modern society and of the extension of the activities of the State in the social field. No public authority can, in these circumstances, hope to be omniscient or be certain that what it proposes may adequately provide for what is intended.

5. But consultation and cooperation have objectives which go beyond the need to assist public authorities. Often they may be the means of removing misunderstandings or of acquainting employers' and workers' organizations with information, not otherwise available to them, which may be helpful to the formulation of their own policies and attitudes and to the conduct of their everyday affairs. Sometimes they may be the means for helping all three parties to contribute to the finding of solutions that may have eluded each individually. [illegible]lly, the mere meeting together of individuals who are important figures in public aut[illegible]es and employers' and workers' organizations may provide a basis for closer personal cont[illegible]s which may themselves smooth the problems of relationships in other connections.

6. If consultation and cooperation are to be successfully developed certain basic prerequisites would seem to be necessary. They include an awareness that consultation and cooperation may be productive of useful results: employers' and workers' organizations must feel satisfied that the public authorities are genuinely anxious to obtain their views and intend to take heed of them. Just as there must be good faith, confidence and mutual respect, so must the freedom and independence of each party be respected and it must be accepted that each party may reasonably and sincerely hold a separate view. However much a party may be convinced of the rightness of its own attitudes, there should be preparedness to recognise that rights also

involve obligations and to understand the point of view of others with a view to finding appropriate compromise wherever possible. Consultation and cooperation should never be permitted to become a matter of mere formality, nor will they be likely to succeed if one or other of the parties is suspicious of the motives of another.

7. Cooperation by its very nature involves voluntary participation, and it is hardly likely that consultation will succeed if the parties are unwilling to confer or if any of the prerequisites for successful initiation of consultation indicated in paragraph 6 are absent. This need not preclude public authorities from seeking to encourage consultation and cooperation nor, in appropriate circumstances, from providing a framework within which consultation and cooperation may be practised. Nor does it preclude employers' or workers' organizations' taking the initiative for the development of consultation. The path to effective consultation and cooperation may be long and much patience, tact, perseverance and persuasion needed before the end is reached.

8. If the aim of consultation and cooperation is ultimate agreement upon every matter discussed, it is well to remember that there can be agreements to differ which may be just as productive of useful results as agreements to agree. The path to consultation may be the easier if it is accepted that voting procedures will be eschewed. This is not to say that there is no place at all for voting in consultative and cooperative processes but, if in particular circumstances in some countries voting should be provided for, its purpose and the circumstances in which it will be resorted to should be understood and accepted by all.

9. Subject-matters for consideration in consultative and cooperative processes cover a wide range of economic and social problems. The documentation before the 44th Session of the Conference gave some indication of this. The Recommendation adopted by the Conference itself indicates in broad fashion the scope.

10. Similarly consultations and cooperation may take a variety of forms. They need not necessarily involve the three parties' sitting together around a table. They may take the form of public authorities' seeking by correspondence or formal or informal discussions the opinion of employers' and workers' organizations on general or specific questions; of organizations' seeking in like manner the views of public authorities as to their intentions, or submitting their views to public authorities; of the hearing of representatives of organizations by parliamentary committees or other agencies of public authorities; or of round-table conferences, formal and informal. They may take the form of ad hoc investigatory or study machinery. They may occur in some "permanent" or "standing" body, statutory or otherwise, having either a general competence covering a wide range of social and economic questions or a competence limited to defined social and economic questions or to particular areas of economic activity. Many forms of consultation and cooperation may be employed in any one country.

11. No one or more methods can be predicated as suitable for the circumstances of any particular country. The precise method to be selected will depend on the subject-matter, the degree of urgency and other circumstances. These may include national customs and practices, the degree of availability and expertness of administrative resources and the stage reached in development, and the respective strengths of employers' and workers' organizations. A subject-matter that calls for long-term study may require resort to a different method from one which is transient or ad hoc.

12. Generally speaking, executive functions are inappropriate in the case of machinery of a consultative character. On the other hand examples do exist where such functions are an integral and successful feature of machinery involving cooperation between public authorities and employers' and workers' organizations.

13. Arrangements of a "permanent" character have the advantage of enabling the participants to accumulate a wealth of experience which will enrich their ability to deal with particular subject-matters as well as engendering a closer personal contact which itself, through growing confidence in the good faith of each other, facilitates discussion. Where the machinery exists to comprehend a diversity of subject-matters, the finding of participants who have the qualifications required to cope with them may present some difficulties. With regard to the structure of "permanent" machinery, some caution needs perhaps to be sounded. While continuity of membership has undoubted advantages, these must be weighed against the

desirability of arrangements that enable new ideas and approaches to be fed into discussion. At all times a close relationship needs to be maintained between the participants and the membership of the organizations from which they are drawn.

14. The view is widely held that participants in processes of consultation and cooperation should be persons nominated by, or selected in consultation with, the organizations which are, in the circumstances of the case, most representative of the employers and workers concerned. It is often asserted that only by this means is it possible for employers' and workers' organizations to have confidence that the participants will truly reflect the views of the organizations from which they are drawn. On the other hand, in some circumstances, especially in the field of cooperation as distinct from consultation, it may be of the nature of the machinery and its functions that all participants, whether drawn from organizations or public authorities, should regard themselves as primarily concerned with the public interest with broad responsibilities to the community at large. Yet again it may be desirable, save in particular circumstances, that participants should not be so inhibited by their representative capacity that they are unable to make a useful contribution. In many circumstances the value of consultation and cooperation lies in the wealth of experience and knowledge which individual participants are able to bring from their association with their organizations and from contributions which go beyond the narrow confines of a particular brief. Moreover, nothing is more calculated to prejudice effective consultation and cooperation than the participation of parties who are inadequately prepared or who are prejudiced, or have insufficient authority to discuss matters under review. The finding of some balance between these partially conflicting principles may be necessary. The confidence of the membership of organizations in the participants may be more assuredly retained if, whenever practicable, arrangements are made for the membership to be appropriately informed of the matters under discussion and the outcome of the discussions.

15. Consultation and cooperation may, in some of its forms and having regard to the subject-matter under consideration, call for the presence of persons other than those drawn from public authorities and employers' and workers' organizations. Often experts are needed to inform and advise the participants and themselves may make distinctive contributions, for example where technical and legal matters are involved. In appropriate cases, and particularly where questions of judgment on such matters are involved, there may be advantages in there being agreement as to the particular experts who should be present or contribute.

16. While employers' and workers' organizations may generally like to have equal numbers of participants in consultation and cooperation, equality in number is not necessarily important, and in some cases may lead to conferences or bodies of unwieldy size. A great deal must depend on the particular, and even national, circumstances. Effective presentation of views does not depend on numbers. If voting procedures have no place equality is of even less significance.

17. The level and calibre of chairmanship can be of special importance in relation to the success of consultation and cooperation. Often the presence of a Minister is desirable; otherwise a senior official, or perhaps some highly respected independent person may be needed to ensure that the machinery works effectively. Rotation of chairmanship among the parties is not unknown.

18. Procedures only become really important in the case of "formal" machinery. Some flexibility of procedures is desirable and unnecessary formality should be avoided. Meetings should not be called unless there is useful business to be discussed. There should be adequate notice of the meeting and the agenda. How items should be placed on the agenda should be fully understood. Reference of particular items to working parties has advantages in some circumstances. The keeping of records of discussion, in such detail as may be appropriate in the circumstances, is desirable. An agreed memorandum of conclusions arrived at and made available to all participants may avoid later misunderstandings and provide a ready means for communicating the conclusions to the organizations concerned. Publication in agreed terms of a monograph on a topic discussed may have the advantage of contributing to general public knowledge of a subject.

19. Documentation of some form or another is generally found to be an aid to informed consideration of the subject as well as providing a record for reference and other purposes. This underlines the need, at least in the case of more formal machinery, for an effective secretariat.

The functioning of formal machinery may also be facilitated by the existence of a small and representative steering group.

Consultation between employers' and workers' organizations

20. Bearing in mind that the forms of consultation and cooperation under discussion exclude collective bargaining, in the member States taken as a whole, direct consultation and cooperation between employers' and workers' organizations may not be as widely practised as consultation and cooperation involving public authorities. Several explanations may be offered. Collective bargaining may comprehend other topics than mere matters of wages and conditions of employment. Moreover, the presence of arbitration machinery in certain countries may tend to discourage resort to direct consultation and cooperation, and legislation and regulation may, in some countries, deal directly with subjects which elsewhere are dealt with by direct consultation and cooperation.

21. Whilst employers' and workers' organizations may hold divergent views on some matters, basically, direct consultation and cooperation represent the recognition that there is, over a wide field of relationships between them, a common interest in the well-being of the industries with which they are concerned and of the workers in those industries. In countries where the habit and practice are long established the initiative doubtless sprang from the parties themselves. Elsewhere it may have been given encouragement by public authorities or even by the provision of some framework in legislation.

22. While public authorities cannot be completely disinterested in the functioning of arrangements for direct consultation and cooperation, it is of the essence of such arrangements that in relation to them employers' and workers' organizations are independent of interference by public authorities. Responsible agreements arrived at between parties directly concerned may minimise not only the need for legislative and administrative action but also the areas of possible friction between the parties and thus contribute to greater industrial harmony.

23. Many of the observations appearing above concerning consultation and cooperation involving public authorities apply equally to direct consultation and cooperation.

24. Direct consultation and cooperation to be really effective requires the existence of well-organized, mature and responsible organizations on both sides. Equally, failure to appreciate the necessity of reconciling the interests of the parties with those of the community at large may lead to the intervention of public authorities.

25. The subject-matters for consideration in direct consultation and cooperation can be extremely diverse. Matters like safety, health and welfare, productivity and methods of improving production, the training of workers, technological change and the arrangements to operate in the event of redundancy are only some of the more common matters. What is the range of topics often depends on the general condition of industrial relationships between the parties. Apart altogether from discussions that lead to arrangements regulating relationships between employers' and workers' organizations, consultation and cooperation between them may have as their object the presentation to public authorities of joint views on particular topics.

26. The methods and forms of direct consultation and cooperation are perhaps in many cases more informal in their nature than in the case of consultation and cooperation involving public authorities. However, in some countries of maturely developed employers' and workers' organizations the arrangements for direct consultation and cooperation may be formalized and highly organized. There may be such arrangements not only at the national and industrial level but also at the regional level. In some cases a framework laid down by the central national organizations may provide for the circumstances in which consultation and cooperation may occur at regional and industrial levels.

27. The more highly organized are the arrangements for direct consultation and cooperation the more is attention paid to the provision in the organizations concerned of technical resources of staff, including experts in fields of management techniques, economists, statisticians and lawyers.

General

28. In certain countries the processes of direct consultation and cooperation referred to above have not developed to the same extent as elsewhere, and in some of these countries there may still exist a reluctance to consult together. In other countries having an economic system based on common ownership of the means of production, consultation and cooperation take forms which are there considered to be suitable to the circumstances of those countries.

29. In view of the circumstances referred to in paragraph 28 above it is considered that it would be of advantage to member States and to employers' and workers' organizations if the International Labour Office were to collect and assemble details of, and make available a statement concerning, the practices and methods of consultation and cooperation, whether involving the public authorities or not, followed in the various regions of the world.

APPENDIX II

TRIPARTITE CONSULTATION (INTERNATIONAL LABOUR STANDARDS) CONVENTION, 1976 (NO. 144)

The General Conference of the International Labour Organization,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Sixty-first Session on 2 June 1976, and

Recalling the terms of existing international labour Conventions and Recommendations — in particular the Freedom of Association and Protection of the Right to Organize Convention, 1948, the Right to Organize and Collective Bargaining Convention, 1949, and the Consultation (Industrial and National Levels) Recommendation, 1960 — which affirm the right of employers and workers to establish free and independent organizations and call for measures to promote effective consultation at the national level between public authorities and employers' and workers' organizations, as well as the provisions of numerous international labour Conventions and Recommendations which provide for the consultation of employers' and workers' organizations on measures to give effect thereto, and

Having considered the fourth item on the agenda of the session which is entitled "Establishment of tripartite machinery to promote the implementation of international labour standards", and having decided upon the adoption of certain proposals concerning tripartite consultations to promote the implementation of international labour standards, and

Having determined that these proposals shall take the form of an international Convention;

adopts this twenty-first day of June of the year one thousand nine hundred and seventy-six the following Convention, which may be cited as the Tripartite Consultation (International Labour Standards) Convention, 1976:

Article 1

In this Convention the term "representative organizations" means the most representative organizations of employers and workers enjoying the right of freedom of association.

Article 2

1. Each Member of the International Labour Organization which ratifies this Convention undertakes to operate procedures which ensure effective consultations, with respect to the matters concerning the activities of the International Labour Organization set out in Article 5, paragraph 1, below, between representatives of the government, of employers and of workers.

2. The nature and form of the procedures provided for in paragraph 1 of this Article shall be determined in each country in accordance with national practice, after consultation with the representative organizations, where such organizations exist and such procedures have not yet been established.

Article 3

1. The representatives of employers and workers for the purposes of the procedures provided for in this Convention shall be freely chosen by their representative organizations, where such organizations exist.

2. Employers and workers shall be represented on an equal footing on any bodies through which consultations are undertaken.

Article 4

1. The competent authority shall assume responsibility for the administrative support of the procedures provided for in this Convention.

2. Appropriate arrangements shall be made between the competent authority and the representative organizations, where such organizations exist, for the financing of any necessary training of participants in these procedures.

Article 5

1. The purpose of the procedures provided for in this Convention shall be consultations on —

(a) government replies to questionnaires concerning items on the agenda of the International Labour Conference and government comments on proposed texts to be discussed by the Conference;

(b) the proposals to be made to the competent authority or authorities in connection with the submission of Conventions and Recommendations pursuant to article 19 of the Constitution of the International Labour Organization;

(c) the re-examination at appropriate intervals of unratified Conventions and of Recommendations to which effect has not yet been given, to consider what measures might be taken to promote their implementation and ratification as appropriate;

(d) questions arising out of reports to be made to the International Labour Office under article 22 of the Constitution of the International Labour Organization;

(e) proposals for the denunciation of ratified Conventions.

2. In order to ensure adequate consideration of the matters referred to in paragraph 1 of this Article, consultations shall be undertaken at appropriate intervals fixed by agreement, but at least once a year.

Article 6

When this is considered appropriate after consultation with the representative organizations, where such organizations exist, the competent authority shall issue an annual report on the working of the procedures provided for in this Convention.

Articles 7-14: Standard final provisions.

TRIPARTITE CONSULTATION (ACTIVITIES OF THE INTERNATIONAL LABOUR ORGANIZATION) RECOMMENDATION, 1976 (NO. 152)

The General Conference of the International Labour Organization,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Sixty-first Session on 2 June 1976, and

Recalling the terms of existing international labour Conventions and Recommendations — in particular the Freedom of Association and Protection of the Right to Organize Convention, 1948, the Right to Organize and Collective Bargaining Convention, 1949, and the Consultation (Industrial and National Levels) Recommendation, 1960 — which affirm the right of employers and workers to establish free and independent organizations and call for measures to promote effective consultation at the national level between public authorities and employers' and workers' organizations, as well as the provisions of numerous international labour Conventions and Recommendations which provide for the consultation of employers' and workers' organizations on measures to give effect thereto, and

Having considered the fourth item on the agenda of the session which is entitled "Establishment of tripartite machinery to promote the implementation of international labour standards", and having decided upon the adoption of certain proposals concerning tripartite consultations to promote the implementation of international labour standards and national action relating to the activities of the International Labour Organization, and

Having determined that these proposals shall take the form of a Recommendation;

adopts this twenty-first day of June of the year one thousand nine hundred and seventy-six the following Recommendation, which may be cited as the Tripartite Consultation (Activities of the International Labour Organization) Recommendation, 1976:

1. In this Recommendation the term "representative organizations" means the most representative organizations of employers and workers enjoying the right of freedom of association.

2. (1) Each Member of the International Labour Organization should operate procedures which ensure effective consultations with respect to matters concerning the activities of the International Labour Organization, in accordance with Paragraphs 5 to 7 of this Recommendation, between representatives of the government, of employers and of workers.

(2) The nature and form of the procedures provided for in subparagraph (1) of this Paragraph should be determined in each country in accordance with national practice, after consultation with the representative organizations where such procedures have not yet been established.

(3) For instance, consultations may be undertaken —

(a) through a committee specifically constituted for questions concerning the activities of the International Labour Organization;

(b) through a body with general competence in the economic, social or labour field;

(c) through a number of bodies with special responsibility for particular subject areas; or

(d) through written communications, where those involved in the consultative procedures are agreed that such communications are appropriate and sufficient.

3. (1) The representatives of employers and workers for the purposes of the procedures provided for in this Recommendation should be freely chosen by their representative organizations.

(2) Employers and workers should be represented on an equal footing on any bodies through which consultations are undertaken.

(3) Measures should be taken, in cooperation with the employers' and workers' organizations concerned, to make available appropriate training to enable participants in the procedures to perform their functions effectively.

4. The competent authority should assume responsibility for the administrative support and financing of the procedures provided for in this Recommendation, including the financing of training programmes where necessary.

5. The purpose of the procedures provided for in this Recommendation should be consultations —

(a) on government replies to questionnaires concerning items on the agenda of the International Labour Conference and government comments on proposed texts to be discussed by the Conference;

(b) on the proposals to be made to the competent authority or authorities in connection with the submission of Conventions and Recommendations pursuant to article 19 of the Constitution of the International Labour Organization;

(c) subject to national practice, on the preparation and implementation of legislative or other measures to give effect to international labour Conventions and Recommendations, in particular to ratified Conventions (including measures for the implementation of provisions concerning the consultation or collaboration of employers' and workers' representatives);

(d) on the re-examination at appropriate intervals of unratified Conventions and of Recommendations to which effect has not yet been given, to consider what measures might be taken to promote their implementation and ratification as appropriate;

(e) on questions arising out of reports to be made to the International Labour Office under articles 19 and 22 of the Constitution of the International Labour Organization;

(f) on proposals for the denunciation of ratified Conventions.

6. The competent authority, after consultation with the representative organizations, should determine the extent to which these procedures should be used for the purpose of consultations on other matters of mutual concern, such as —

(a) the preparation, implementation and evaluation of technical cooperation activities in which the International Labour Organization participates;

(b) the action to be taken in respect of resolutions and other conclusions adopted by the International Labour Conference, regional conferences, industrial committees and other meetings convened by the International Labour Organization;

(c) the promotion of a better knowledge of the activities of the International Labour Organization as an element for use in economic and social policies and programmes.

7. In order to ensure adequate consideration of the matters referred to in the preceding Paragraphs, consultations should be undertaken at appropriate intervals fixed by agreement, but at least once a year.

8. Measures appropriate to national conditions and practice should be taken to ensure coordination between the procedures provided for in this Recommendation and the activities of national bodies dealing with analogous questions.

9. When this is considered appropriate after consultation with the representative organizations, the competent authority should issue an annual report on the working of the procedures provided for in this Recommendation.

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OFICINA INTERNACIONAL DEL TRABAJO
CH-1211 GENÈVE 22

P. P.
1211 GENÈVE 22